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PART V.

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FURTHER CORRESPONDENCE

RESPECTING THE

BAGDAD RAILWAY.

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1908.

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Further Correspondence respecting the Bagdad Railway.

PART V.

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No. 1.

India Office to Foreign Office.—(Received January 4.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of inclosures in a letter from the Foreign Secretary to the Government of India, dated the 31st October, relative to the Bunder Shweikh negotiations.

India Office, January 3, 1908.

Inclosure 1 in No. 1.

Major Knox to Government of India.

(Confidential.)

Koweit, October 16, 1907.

AS directed in the Foreign Department telegram, dated the 15th August, 1907, I have the honour to submit herewith copies of the papers detailed below, relating to the Bunder Shweikh negotiations:—

1. Copy of letter, dated the 16th October, 1907, to the address of the Political Resident and His Britannic Majesty's Consul-General in the Persian Gulf.
2. Arabic original of lease of Bunder Shweikh lands signed by Sheikh Mubarak and witnessed by Sheikh Jalir.
3. Translation of 2.
4. Arabic copy of acceptance of 2.
5. Translation of 4.

Inclosure 2 in No. 1.

Major Knox to Major Cox.

(Confidential.)

Koweit, October 16, 1907.

I HAVE the honour to acknowledge the receipt of your Office indorsement and of your First Assistant's letter, dated the 9th October, 1907, forwarding copies of Foreign Office telegrams addressed to Secretary of State, and dated respectively the 24th September, 1907, and 4th October, 1907, and 8th October, 1907, and the telegraphic reply from the Secretary of State, dated the 2nd October, 1907, on the subject of the negotiations for the lease of the Bunder Shweikh lands.

2. I have now the honour to report that the lease was duly signed in my presence by Sheikh Mubarak and witnessed by his son, Sheikh Jalir, and delivered to me on the

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evening of the 15th October. The Arabic original of the lease has been forwarded direct to the Foreign Secretary with translation and a copy of this letter, as directed in Foreign Department telegram, dated the 18th August, to my address, forwarded under cover of your Office Confidential indorsement dated the 17th August, 1907.

3. A true copy of the lease has been retained by me in my personal custody for record, and I trust that by next mail I shall be able to forward a copy thereof to you. A translation accompanies this letter.

4. On the same evening I signed the acceptance of the lease and delivered the original acceptance to Sheikh Mubarak. An Arabic copy of the acceptance, with translation, has been forwarded to the Foreign Secretary, and an Arabic copy has been retained by me in my personal custody and a copy will be forwarded to you by next mail. A translation accompanies this letter.

5. I trust that the papers will be found in order except for the unfortunate addition, which I shall endeavour to account for in the following paragraph. The somewhat curious wording of the condition in clause 3 of the lease and acceptance, introduced in accordance with the directions contained in the Secretary of State's telegram, of date the 2nd October, was due to Sheikh Mubarak, who seemed a little doubtful as to whether he was not committing himself to the lease for an annual rent of 60,000 rupees of all the lands mentioned anywhere in the Agreement. If it has any special effect, it would seem to mean that, even should the British Government determine the lease, they would still retain their right to take the other lands on lease, in preference to other applicants.

6. At my first interview with Sheikh Mubarak on the morning of the 11th October the full effect of the telegraphic comments on the Warba proposal had unaccountably escaped me, and I mentioned the Concession as one of the additions to the Agreement which His Majesty's Government wished inserted. The proposal was favourably received. On my return I at once detected my error, and found myself in the unpleasant dilemma of showing vacillation, which might arouse suspicion, or of doing more than I had been ordered to do. After giving the matter much anxious consideration, I decided that the latter was the preferable course, and, in drafting, left the Warba Concession rather vague. I trust that, as apparently the Concession does not bind Government in this particular direction in any way, the oversight may be pardoned, while, at the same time, I venture to express my profound regret for the carelessness which gave rise to it.

7. Sheikh Mubarak, during one of my interviews with him, showed some anxiety about payment, and, indeed, for one moment, I thought that he was going to insist on the first payment before he signed the Agreement. I asked him how he would like it paid, and he expressed the wish that it should be paid in Bombay to his agent, Mohamed-us-Salim-us-Saderavi, Sitaram Building, (H) Block, Bombay. I do not know if this man is a well-known Bombay merchant, but he could be traced immediately by application to Messrs. McKinnon, McKenzie, and Co., agents for the British India Company at Bombay. It would, I venture to think, be an advantage if he could be paid the first year's rent with as little delay and formality as possible, and I would request that I may be favoured with information by telegraph of the payment that I may communicate the news to Sheikh Mubarak.

8. In conclusion, I have the honour to commend to your favourable notice the services of my Arab Mullah, Abdulla-bin-Abdul Ilahi, who has been of the greatest assistance to me in preparing the drafts of the lease and acceptance. The negotiations have now been proceeding for some months, and I have not heard the least whisper from outside of the negotiations, which goes far to show that he has been absolutely faithful to the trust reposed in him. With the necessity for continued secrecy, it might be inconvenient to recommend him for a title or a medal. I would therefore recommend that an English letter acknowledging his services might be addressed to him by yourself, accompanied, if possible, by the sanction of one month's extra pay. I could meet this expenditure from Secret Service funds at my disposal. Could the letter and sanction reach me before the 1st Ramthan, the gift on that day or on His Gracious Majesty's birthday would be especially graceful. I would see to it that there was no publicity.

P.S.—It may be useful to place on record that, when the Agreements were exchanged, the acceptance of the lease signed by me was read over by the Sheikh's Secretary, Abdul Aziz-bin-Salim-bin-Badar, to Sheikh Jabir-bin-Mubarak, who, before affixing his seal in witness to his father's seal, verbally approved the Agreement, and asked if the Agreement to which his seal was being affixed, i.e., the lease,

corresponded with the one that had been read over to him. He was informed that it did, *mutatis mutandis*.

The Sheikh turned to his son and said that everything that suited the British Government suited him. To this Jabir agreed, only adding, rather ungraciously at such a moment, "provided that they do not do anything to injure Koweit interests." He followed this up, however, with, "but we shall certainly not allow any one else to interfere."

Inclosure 3 in No. 1.

Agreement respecting the Lease of the Shweikh Lands, dated October 15, 1907.

(Secret and Confidential.)

(Translation.)

In the name of God, the exalted!

THIS Agreement is from me, Sheikh Mubarak-us-Sabah, Ruler of Koweit, on behalf of myself and on behalf of my heirs after me, to Major S. G. Knox, Political Agent of the precious Imperial English Government in Koweit, on behalf of the precious Imperial English Government. The reason of writing this paper is that I, Sheikh Mubarak-us-Sabah, the Ruler of Koweit, have, on behalf of myself and on behalf of my heirs after me, leased in perpetuity to the precious Imperial English Government the land of which the boundaries are detailed below and south of Bunder Shweikh:—

Firstly.—The boundary of the land on the north-west shall be 7,500 cubits in length in a straight line, and situated in it the coal-house which I, Sheikh Mubarak-us-Sabah, have constructed in these days in the aforesaid land, and the straight line shall march, as far as possible, corresponding with the sea-line, but, apart from these two conditions, it shall be lawful to Major S. G. Knox, Political Agent, Koweit, or to any other person duly authorized on behalf of the precious Imperial English Government, to draw this direct north-western boundary at their choice and pleasure, and such boundary shall be accepted by me, Sheikh Mubarak-us-Sabah, Ruler of Koweit, on behalf of myself and on behalf of my heirs after me. And, secondly, the eastern side and the western side shall be each 600 cubits long, and the southern side shall be 7,500 cubits long, and the whole land shall be rectangular; and of this land there shall be to me, Sheikh Mubarak-us-Sabah, Ruler of Koweit, and to my heirs after me, of it a plot, on the north-west side of which shall be the coal-house aforesaid, the four sides of which plot shall be each 300 cubits long, apart from the dimensions of the coal-house, and opposite this plot of ground to the north-west shall belong to me, Sheikh Mubarak-us-Sabah, Ruler of Koweit, and to my heirs after me.

Secondly.—The rent of the land aforesaid shall be counted at 4 rupees per cubit yearly, which shall flow from the day that this paper, duly agreed, signed, and sealed, shall pass between the hands of the two parties, and the rent shall be paid yearly in advance.

Thirdly.—In explanation of the preceding paragraph, the aforesaid lands are embraced by one line, the length of which is 16,200 cubits. Exclusive of the dimensions of the plot of ground of 1,200 cubits, reserved by this Agreement to me, Sheikh Mubarak-us-Sabah, Ruler of Koweit, and to my heirs after me, the remainder is 15,000 cubits, and the rent of the land, according to this line, amounts to 60,000 rupees, which shall be paid yearly in advance to me, Sheikh Mubarak-us-Sabah, Ruler of Koweit, and to my heirs after me, as long as the precious Imperial English Government desires the lands aforesaid. But it is clearly understood and agreed upon between me, Sheikh Mubarak-us-Sabah, Ruler of Koweit, on behalf of myself and on behalf of my heirs after me, and Major S. G. Knox, Political Agent of the precious Imperial English Government in Koweit, on behalf of the precious Imperial English Government, that should the precious Imperial English Government no longer desire to lease the lands aforesaid, they have the right to inform me, Sheikh Mubarak-us-Sabah, or my heirs after me, of their decision at any time they wish, and that, after such intimation, the rent ceases and the land will return to me, Sheikh Mubarak-us-Sabah, or to my heirs after me, but, if the Government should have any desire in land, other than the lands of Shweikh, as the lands enumerated in the sixth paragraph below, it will be by way of rent by consent with me, Sheikh Mubarak-us-Sabah, or my heirs after me.

Fourthly.—There is included in the aforesaid rent, without other rent or demand of any kind, the right to all land, above ground or under sea, between the two sides, the east and the west, produced in the north-west direction to 3 fathoms of sea-water at the time of the lowest tide opposite to the north-west boundary, and it is lawful for the precious Imperial English Government to build and construct between the aforesaid limits any building of any kind, coal-sheds, harbour works, &c.

And also it is lawful for the aforesaid English Government to put down buoys, and do all works needful for the ease of the ships from the open sea to the Bunder Shweikh, such as, *inter alia*, the construction of lighthouses and beacon in Koweit territory, as may at any time be found to be necessary.

And also it is lawful for the aforesaid English Government that they should lease the lands in part or in whole for a fixed term of years or in perpetuity to English subjects, or to the subjects of British India (I mean the people of India), or to the subjects of me, Sheikh Mobarak-us-Sabah, Ruler of Koweit (I mean the people of Koweit), at their perfect will and desire.

Fifthly.—And further, in consideration of the rent detailed, I, Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of myself and on behalf of my heirs after me, confirm my former promise that neither I nor my heirs after me will grant, sell, or lease to a foreign Government, and in this is included the Ottoman Government, nor to the subjects of any foreign Government, any of our land within Koweit boundaries or around it without the permission of the precious Imperial English Government.

Sixthly.—And also I, Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of myself and on behalf of my heirs after me, am bound in this paper that we will give to the precious Imperial English Government the right of pre-emption in sale or lease of the lands detailed below:—

1. The lands which lie adjacent to the lands leased at a distance of 8,000 cubits in any direction from the nearest boundary of the leased lands, but to my subjects, the people of Koweit, to them shall be a right of pre-emption, stronger and prior to that of the English Government in this special land.

2. The entire Island of Shweikh and its surrounding foreshore; only the fishing nets are to me, Sheikh Mobarak-us-Sabah.

3. The entire Island of Warba, situated near the Khor Abdulla, and its surrounding foreshore.

4. All the lands and the foreshore in the direction of Ras Kathama to a distance of 2 sea-miles—I mean 5,000 cubits—in any direction from Ras Kathama; if the precious Imperial English Government should have any desire in the aforesaid place (I mean Kathama), then it will be on lease, separate from the lands of Shweikh, at a rent that shall please me, Sheikh Mobarak-us-Sabah, Ruler of Koweit, or my heirs after me, and there shall be to me, Sheikh Mobarak-us-Sabah, Ruler of Koweit, and to my heirs after me, a house near the house of the precious Imperial English Government, should the aforesaid Government desire the lands and the house which shall be to me, Sheikh Mobarak-us-Sabah, Ruler of Koweit, and to my heirs after me, shall be a square, each side of which shall be 300 cubits long, the total 1,200 cubits long, and to the subjects of me, Sheikh Mobarak-us-Sabah, Ruler of Koweit, the land which does not oppose the desire of the aforesaid English Government; and, if it should be necessary, I, Sheikh Mobarak-us-Sabah, Ruler of Koweit, and my heirs after me, will leave to the aforesaid English Government a road to the sea within our limits, the breadth of which shall not be less than 10 cubits.

Seventhly.—In explanation of the preceding paragraph, whenever anyone may come and desire to buy or to take on lease the lands, detailed in the sixth paragraph above, either in part or the whole, every time before that I, Sheikh Mobarak-us-Sabah, Ruler of Koweit, or my heirs after me, accept the offer of the buyer or the lessee, it behoves and it is incumbent on me, Sheikh Mobarak-us-Sabah, Ruler of Koweit, and my heirs after me, that we should inform the Agent of the English Government in Koweit, or the Consul-General of the precious Imperial English Government in Bushire, and that we should give to the aforesaid friend a full opportunity, not less than three months, that he may consult higher authority, and decide whether the precious Imperial English Government wishes to buy or to take on lease the aforesaid lands or no.

Eighthly.—If the opinion of the aforesaid English Government is fixed on the purchase of the land sought for in accordance with the offer and conditions of the purchaser or the lessee, the offer of the aforesaid English Government will be accepted without further talk or demand, and the demanded lands will be sold or leased to the aforesaid English Government on these conditions.

Ninthly.—And it is clearly understood and agreed upon between the two parties and Major S. G. Knox, Political Agent of the precious Imperial English Government, on behalf of the precious Imperial English Government, is duly authorized to promise and does promise that the town of Koweit and its boundaries likewise belong to me, Sheikh Mobarak-us-Sabah, Ruler of Koweit, and to my heirs after me, and that all my, Sheikh Mobarak-us-Sabah, arrangements at the present day shall remain in the hands of me, Sheikh Mobarak-us-Sabah, Ruler of Koweit, and to my heirs after me, and that, in the matter of the Shweikh lands and of the lands which the aforesaid English Government may hereafter rent from me, Sheikh Mobarak-us-Sabah, or from my heirs after me, the aforesaid English Government will not take customs or anything in all the lands which they may rent or in which they may dwell within the limits of Koweit.

Tenthly.—In consideration of the above promise, I, Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of myself and on behalf of my heirs after me, hereby promise that we will not collect customs dues on goods imported or exported by the subjects of the aforesaid English Government—I mean English subjects and people of India and other than them of the subjects of the aforesaid English Government—at a rate in excess of 4 per cent. per invoice value of goods at the port of export. Should, however, I, Sheikh Mobarak-us-Sabah, Ruler of Koweit, or my heirs after me, at any time find it necessary to increase the rate of customs beyond 4 per cent. *ad valorem*, I hereby promise, on behalf of myself and on behalf of my heirs after me, that such an increase shall be levied on the subjects of the aforesaid English Government only after the consent of the precious Imperial English Government has been duly asked for and obtained to such increase.

Eleventhly.—And further, I, Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of myself and on behalf of my heirs after me, promise that the rate levied on goods imported or exported by the subjects of the aforesaid English Government to or from Koweit territories shall not exceed the rate levied on goods imported or exported by my subjects—I mean the people of Koweit—to or from Koweit territories.

Twelfthly.—It is further clearly understood that I, Sheikh Mobarak-us-Sabah, Ruler of Koweit, have accepted this rent especially from the precious Imperial English Government, and that, as for others than it, I, Sheikh Mobarak-us-Sabah, would not accept from among all the Powers, though they should give me more than this rent, I, Sheikh Mobarak-us-Sabah, would not allow them to possess authority in my dominions, and, as for the precious Imperial English Government, I am grateful to them, and their generosity is upon me; and I will not consent that a Power, other than them, shall interfere, though they give me more than this rent, and I hope for the permanence of the care of the precious Imperial English Government and its kindness on me and on my heirs after me, and the precious Imperial English Government has honoured Major S. G. Knox, Political Agent of the precious Imperial English Government in Koweit, with the special permission that he may assure me, Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of the precious Imperial English Government, that the aforesaid English Government does not wish to interfere in the affairs of Koweit except for the profit of the people of Koweit and the increase of trade and knowledge and friendship between the English Government and the people of Koweit, and, as regards me, Sheikh Mobarak-us-Sabah, and my heirs after me, the desire of the precious Imperial English Government is that the friendship between the precious Imperial English Government and the Sheikh of Koweit may be perpetual.

And, finally, I, Sheikh Mobarak-us-Sabah, at the express wish of the precious Imperial English Government hereby promise that this Agreement shall be kept absolutely secret, until such time as the precious Imperial English Government gives permission for its disclosure. And I, Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of myself and on behalf of my heirs after me, have accepted each and all of the terms set forth in this Agreement, and therefore I have set my seal this 8th day of Ramthan, 1325 A., corresponding to this 15th day of October, 1907, A.D., and to what I say God is the best witness and protector.

(Seal of Sheikh Mobarak-us-Sabah.)

(Seal of Sheikh Jabir.)

True translation.

(Signed) S. G. Knox, Major,
Political Agent, Koweit.

Inclosure 4 in No. 1.

Agreement respecting the Acceptance of Lease of Shweikh Lands, dated October 15, 1907.

(Secret and Confidential.)
(Translation.)

In the name of God, the Exalted!

THIS Agreement is from me, Major S. G. Knox, Political Agent of the precious Imperial English Government in Koweit, on behalf of the precious Imperial English Government, to Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of himself and his heirs after him. The reason of writing this paper is that I, Major S. G. Knox, Political Agent of the precious Imperial English Government, on behalf of the precious Imperial English Government, have, subject to the important provision contained in paragraph 8 below, taken on lease in perpetuity from Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of himself and his heirs, the land of which the boundaries are detailed below and south of Bunder Shweikh:—

Firstly.—The boundary of the land on the north-west shall be 7,500 cubits in length in a straight line, and situated in it the coal-house which Sheikh Mobarak-us-Sabah has constructed in these days in the aforesaid land, and the straight line shall march as far as possible corresponding with the sea-line, but, apart from these two conditions, it shall be lawful to me, or to any other person duly authorized on behalf of the precious Imperial English Government, to draw this direct north-western boundary at our choice and pleasure, and such boundary shall be accepted by Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of himself and on behalf of his heirs after him. And, secondly, the eastern side and the western side shall be each 600 cubits long, and the south side shall be 7,500 cubits long, and the whole land shall be rectangular; and of this land there shall be to Sheikh Mobarak-us-Sabah, Ruler of Koweit, and to his heirs after him, of it a plot, on the north-west side of which shall be the coal-house aforesaid, the four sides of which plot shall be each 300 cubits long, the whole 1,200 cubits long, apart from the dimensions of the coal-house and opposite this plot of ground to the north-west shall belong to Sheikh Mobarak-us-Sabah and to his heirs after him.

Secondly.—The rent of the land aforesaid shall be counted at 4 rupees per cubit yearly, which shall flow from the day that this paper, duly agreed, signed, and sealed, shall pass between the hands of the two parties, and the rent shall be paid yearly in advance.

Thirdly.—In explanation of the preceding paragraph, the aforesaid lands are embraced by one line, the length of which is 16,200 cubits. Exclusive of the dimensions of the plot of ground of 1,200 cubits, reserved by this Agreement to Sheikh Mobarak-us-Sabah, Ruler of Koweit, and to his heirs after him, the remainder is 15,000 cubits, and the rent of the land, according to this line, amounts to 60,000 rupees, which I, Major S. G. Knox, Political Agent of the precious Imperial English Government in Koweit, on behalf of the precious Imperial English Government, promise shall be paid yearly in advance to Sheikh Mobarak-us-Sabah, Ruler of Koweit, and to his heirs after him, as long as the precious Imperial Government desires the aforesaid lands. But it is clearly understood and agreed upon between me, Major S. G. Knox, Political Agent of the precious Imperial English Government in Koweit, on behalf of the precious Imperial English Government, and Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of himself and on behalf of his heirs after him, that should the precious Imperial English Government no longer desire to lease the lands aforesaid, they have the right to inform Sheikh Mobarak-us-Sabah, or his heirs after him, of their decision at any time they wish, and that, after such intimation, the rent ceases, and the land will return to Sheikh Mobarak-us-Sabah, Ruler of Koweit, or to his heirs after him, but if the precious Imperial English Government should have any desire for land other than these lands of Shweikh, such as the lands enumerated in the sixth paragraph below, it will be by way of realty by consent with Sheikh Mobarak-us-Sabah, Ruler of Koweit, or his heirs after him.

Fourthly.—There is included in the aforesaid rent, without other rent or demand of any kind, the right to all land, above ground or under sea, between the two sides, the east and the west, produced in the north-west direction to 3 fathoms of sea-water at the time of the lowest tide opposite to the north-west boundary, and it is lawful for the precious Imperial English Government to build and construct between the aforesaid limits any building of any kind, coal-sheds, harbour works, &c.

And also it is lawful for the aforesaid English Government to put down buoys, and do all work* needful for the ease of the ships from the open sea to the Bunder Shweikh, such as, *inter alia*, the construction of lighthouses and beacon in Koweit territory, as may at any time be found to be necessary.

And also it is lawful for the aforesaid English Government that they should lease the lands in part or in whole for a fixed term of years or in perpetuity to English subjects or to the subjects of British India—I mean the people of India or to the subjects of Sheikh Mobarak-us-Sabah, Ruler of Koweit—I mean the people of Koweit—at their perfect will and desire.

Fifthly.—And further, in consideration of the rent detailed, Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of himself and on behalf of his heirs after him, confirms his former promise that neither he nor his heirs after him will grant, sell, or lease to a foreign Government, and in this is included the Ottoman Government, or to the subjects of any foreign Government, any of his or their land within Koweit boundaries or around it without the permission of the precious Imperial English Government.

Sixthly.—And also Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of himself and on behalf of his heirs after him, is bound in this paper that he and they will give to the precious Imperial English Government the right of pre-emption in sale or lease of the lands detailed below:—

1. The lands which lie adjacent to the lands leased at a distance of 2,000 cubits in any direction from the nearest boundary of the leased lands, but to the subjects of Sheikh Mobarak— I mean the people of Koweit—to them shall be a right of pre-emption stronger and prior to that of the English Government in this land only.

2. The entire Island of Shweikh and its surrounding foreshore; only the fishing nets are to Sheikh Mobarak-us-Sabah.

3. The entire Island of Warba, situated near the Khor Abdulla, and its surrounding foreshore.

4. All the lands and the foreshore in the direction of Ras Kathama to a distance of 2 sea miles—I mean 8,000 cubits—in any direction from Ras Kathama; if the precious Imperial English Government should have any desire in that place, then it will be on lease, separate from the lands of Shweikh, at a rent that shall please Sheikh Mobarak-us-Sabah, Ruler of Koweit, or his heirs after him, and there shall be to Sheikh Mobarak-us-Sabah, Ruler of Koweit, and to his heirs after him, a house near the house of the precious Imperial English Government, should the aforesaid Government desire the lands and the house which shall be to Sheikh Mobarak-us-Sabah, Ruler of Koweit, and to his heirs after him, shall be a square, each side of which shall be 300 cubits long, the total 1,200 cubits long, and to the subjects of Sheikh Mobarak-us-Sabah, Ruler of Koweit, the land which does not oppose the desire of the aforesaid English Government and, if it should be necessary, Sheikh Mobarak-us-Sabah, Ruler of Koweit, and his heirs after him, will leave to the aforesaid English Government a road to the sea within their limits, the breadth of which shall not be less than 10 cubits.

Seventhly.—In explanation of the preceding paragraph, whenever anysoever may come and desire to buy or to take on lease the lands detailed in the sixth paragraph above, either in part or the whole, every time before that Sheikh Mobarak-us-Sabah, Ruler of Koweit, or his heirs after him, accept the offer of the buyer or the lessee, it behoves and is incumbent on Sheikh Mobarak-us-Sabah, Ruler of Koweit, or his heirs after him, that they should inform the Agent of the English Government in Koweit or the Consul-General of the precious Imperial English Government in Bushire, and that they should give to the aforesaid friend a full opportunity, not less than three months, that he may consult higher authority, and decide whether the precious Imperial English Government wishes to buy or to take on lease the aforesaid lands or no.

Eighthly.—If the opinion of the aforesaid English Government is fixed on the purchase or the lease of the lands sought for in accordance with the offer and conditions of the purchaser or the lessee, the offer of the aforesaid English Government will be accepted without further talk or demand, and the demanded lands will be sold or leased to the aforesaid English Government on these conditions.

Ninthly.—And it is clearly understood and agreed upon between the two parties and I, Major S. G. Knox, Political Agent of the precious Imperial English Government, am duly authorized, on behalf of the precious Imperial English Government, to promise, and do hereby promise, that the town of Koweit and its boundaries likewise belong to Sheikh Mobarak-us-Sabah, Ruler of Koweit, and to his heirs after him, and that all Sheikh Mobarak's arrangements in the matter of customs, &c., and all his arrangements

at the present day shall remain in the hands of Sheikh Mobarak-us-Sabah, Ruler of Koweit, and to his heirs after him, and that, in the matter of the Shweikh lands and of the lands which the aforesaid English Government may hereafter rent from Sheikh Mobarak-us-Sabah, or from his heirs after him, the aforesaid English Government will not take customs on anything in all the lands which they may rent or in which they may dwell within the limits of Koweit.

Tenthly.—In consideration of the above promise, Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of himself and on behalf of his heirs after him, promises that they will not collect customs dues on goods imported or exported by the subjects of the aforesaid English Government—I mean English subjects and people of India and other than them of the subjects of the aforesaid English Government—at a rate in excess of 4 per cent. per invoice value of goods at the port of export. Should, however, Sheikh Mobarak-us-Sabah, Ruler of Koweit, or his heirs after him, at any time find it necessary to increase the rate of customs beyond 4 per cent. *ad valorem*, Sheikh Mobarak, on behalf of himself and on behalf of his heirs after him, promises that such an increase shall be levied on the subjects of the aforesaid English Government only after the consent of the precious Imperial English Government has been duly asked for and obtained to such increase.

Eleventhly.—And further, Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of himself and on behalf of his heirs after him, promises that the rate levied on goods imported or exported by the subjects of the aforesaid English Government to or from Koweit territories shall not exceed the rate levied on goods imported or exported by his subjects—I mean the people of Koweit—to and from Koweit territories.

Twelfthly.—It is further clearly understood that Sheikh Mobarak-us-Sabah, Ruler of Koweit, has accepted this rent especially from the precious Imperial English Government, and that, as for others than it, Sheikh Mobarak-us-Sabah would not accept from among all the Powers, though they should give him more than this rent, Sheikh Mobarak-us-Sabah would not allow them to possess authority in his dominions, and, as for the precious Imperial English Government, he is grateful to them and their generosity is upon him, and that he will not consent that a Power other than them shall interfere, though they gave him more than this rent, and he hopes for the permanence of the care of the precious Imperial English Government and its kindness on him and on his heirs after him, and the precious Imperial English Government has honoured me with the special permission that I may assure Sheikh Mobarak-us-Sabah, Ruler of Koweit, on behalf of the precious Imperial English Government, that the aforesaid English Government does not wish to interfere in the affairs of Koweit, except for the profit of the people of Koweit and the increase of trade, and knowledge and friendship between the English Government and the people of Koweit, and, as regards Sheikh Mobarak-us-Sabah and his heirs after him, the desire of the precious Imperial English Government is that the friendship and agreement between the English Government and the Sheikh of Koweit may be perpetual.

And, finally, Sheikh Mobarak-us-Sabah, at the express wish of the precious Imperial English Government, promises that this Agreement shall be kept absolutely secret until such time as the precious Imperial English Government gives permission for its disclosure. And I, Major S. G. Knox, Political Agent of the precious Imperial English Government in Koweit, on behalf of the precious Imperial English Government, have accepted each and all of the terms set forth in this Agreement, and therefore I have affixed my signature this 8th day of Ramathan, 1325 H., corresponding to the 15th day of October, 1907 A.D., and to what I say God is the best witness and protector.

(Signed) S. G. KNOX, Major,
Political Agent, Koweit.

True translation.
(Signed) S. G. Knox, Major,
Political Resident, Koweit.

[1627]

No. 2.

India Office to Foreign Office.—(Received January 16.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley,

forwards herewith, for the information of the Secretary of State, copy of inclosures in a letter from the Foreign Secretary to the Government of India, dated the 5th December, relative to the lease of a portion of the Koweit foreshore to His Majesty's Government.

India Office, January 14, 1908.

Inclosure 1 in No. 2.

Major Knox to the Government of India.

(Confidential.)

Sir,

Koweit, October 28, 1907.

I HAVE the honour to submit herewith a copy of letter dated the 28th instant, to the address of the Political Resident in the Persian Gulf.

I have, &c.

(Signed) S. G. KNOX.

Inclosure 2 in No. 2.

Major Knox to Major Cox.

(Confidential.)

Sir,

Koweit, October 28, 1907.

I HAVE the honour to report that, on the evening of the 25th instant, I was visited by one of the principal merchants of this port, Fahad-ul-Khalid-ul-Khathair, who wished my assistance in the matter of a steamer passage for one of his brothers.

2. In the course of conversation, it transpired, if Fahad-ul-Khalid is to be believed implicitly, that Sheikh Mubarak consulted him during the course of the negotiations for the lease of the lands adjoining Bandar Shweikh. The Sheikh is reported to have asked Fahad-ul-Khalid what the English could want with the island of Shweikh, which they wished to lease, and to have hinted that they might also wish to acquire the foreshore on the mainland. Fahad-ul-Khalid represented himself as advising the Sheikh to close with the English offer, as, if they really wanted the lands, they would get them in spite of the Sheikh.

3. It is difficult to express a positive opinion as to the reliability of this information, and the consultation reported probably took place before the Sheikh pledged himself to secrecy; but it is certain that there are people in this town who have formed a very fairly accurate notion of the result of the recent negotiations.

4. I may state that the information was all volunteered and that, after letting my visitor have his say out, I tried to change the subject. Five minutes later, he recurred to the same subject; but even if it is to be presumed that he was fishing for information, he obtained nothing from me except such inferences as he might draw from my silence and my unwillingness to discuss the matter.

5. In view of the importance which the home Foreign Office attach to the secrecy of the lease, I have thought it my duty to report this conversation by the earliest possible opportunity.

I have, &c.

(Signed) S. G. KNOX.

[1629]

No. 3.

War Office to Foreign Office.—(Received January 16.)

THE Director of Military Operations presents his compliments to the Under-Secretary of State for Foreign Affairs, and begs to forward, for his information, a copy of a Report recently received from Mr. David Frazer, who is now travelling in Asia Minor on behalf of the "Times," giving an account of his journey over the Anatolian and Bagdad Railways.

War Office, January 14, 1908.

[1557]

D

Inclosure 1 in No. 3.

Mr. Fraser to Count Gleichen.

Dear Count Gleichen,

Aleppo, December 14, 1907.

THEY told me in the War Office that you had practically no very recent information on the Anatolian Railways, so I have embodied my notes, and forward herewith in the hope that they may be useful.

I have been too busy so far to give you anything about the Bagdad route beyond Boulgurlu. For the present I will merely say that beyond that point there is absolutely nothing, and that it is impossible, financially, for anything to be done without all the world knowing about it. I shall hope soon to send you some notes on the mountainous district between Eregli and Kilia.

In case there arises any point in regard to which I could be useful, kindly note that my address, up to the Indian mail which leaves London on the 3rd January, is c/o our Consulate, Bagdad.

Yours very truly,
(Signed) DAVID FRASER.

Inclosure 2 in No. 3.

Report on Journey between Constantinople and Eregli made in November 1907 by
David Fraser.

FROM Haidar Pasha to Ismid the track runs along the shores of the Sea of Marmora, which are often precipitous, the land lying in long smooth folds. In order to save construction expenses the line goes round and over these folds with a minimum of cutting and embanking, the result being heavy grades and sharp curves. As far as Ismid there is a good deal of up and down, the highest probably touching 150 feet, while the lowest levels are almost flush with the sea. The distance is 91 kilom., and the time taken, exclusive of stoppages, was 3 hours 8 minutes; 33 minutes were spent in the fourteen stoppages, making total time between Haidar Pasha and Ismid 3 hours 41 minutes. In event of delay there is provision for augmentation of speed between stations equal to 25 per cent. Roughly, the train I travelled by did 20 miles per hour when moving, and might have accelerated to 25 miles per hour. I think it is very unlikely that this speed could be materially increased owing to the curves and gradients. It seems obvious, and I have heard the opinion expressed with reference to the whole of the Anatolian system, that the high speeds provided for in the Convention for the Bagdad Railway could not be attained without a degree of improvement that would amount to partial reconstruction of the line between Haidar Pasha (Constantinople) and Konia. High speed is certainly impossible on many of the curves, as upon many of the gradients, and when this is the case, realigning and additional cutting would be imperative. Writing from memory, there is a provision in the Bagdad Railway Convention,* or possibly in the Anatolian Railway Convention, that additional payments must be made by the Turkish Government to the Bagdad Railway Company when express services are inaugurated. I was told that the rails are 60 lbs. between Haidar Pasha and Konia, and from Konia to Eregli 90 lbs. On the Anatolian system I understand the Prussian railway methods of construction have been employed. Throughout the sleepers are hollow, curved, and flat, made of sheet iron or steel, and give the impression of not possessing anything like the hold of the ballast that a wooden sleeper affords. The locking to the sleepers is by fish-plates and bolts, and it is noticeable that on the Bagdad Railway section the bolting is increased, doubtless in view of the greater speed which is expected when this line is established.

Throughout the line, except in that part particularized, when the line leaves the littoral and ascends to the plateau of Asia Minor, there seems no liability to washouts or other visitations of nature. Where the heavy ascent occurs there seems sufficient provision against floods, culverts being constructed wherever necessary. I saw nothing to suggest that the railway had ever been damaged by water. I imagine

* Article XXXVII of the Convention provides for a capital expenditure of 8,000,000 fr., and an annuity of 700,000 fr., for the Anatolian Railway, to improve the line to bear express traffic. See Convention for details.

that the rainfall is never of the torrential character which is so prejudicial to Himalayan railways.

Rolling stock is Prussian in pattern. The trucks vary in weight and I noticed them marked 7,790, 8,820, 9,070, 9,180 kilom. tare, but all were 15,000 kilom. charge, i.e., to carry 15 tons, both closed and open. Each was marked to carry forty men, with surface 18² metres and volume 37² metres—that is the closed trucks. Engines are big and powerful, and some are French in make. Others I am told were made in America, England, Germany, &c. My train consisted of 1 engine, 8 wagons (4 metres between axles), 1 guard's van (6 metres between axles), 4 small passenger coaches, and 1 double bogie, with total length of nearly 200 yards. It was noticeable that the sidings were often too short to accommodate so long a train. This defect is rectified in the Bagdad section when sidings are always about 400 yards long. Our engine seemed quite equal to its work even on heavy gradients. The trucks, however, were all empty so far as I could tell.

Except at three points it would appear to be almost impossible seriously to damage the railway, as the bridges are few and small and close to the water. At the three points referred to there are high bridges (described in notes on Guebzeh, Biledjik, and Yaila), any one of which being broken would throw the line out of work for months. Trans-shipment over a breakage, however, could be easily effected at these points. In considering contingencies in this respect in time of war it must not be overlooked that junction with the Smyrna-Cassaba Railway at Afion-Kara-Hissar is at any moment possible.

The elevations shown in the time-table attached show the transit from the low country to the plateau of Asia Minor. Once this is attained the railway is practically dead-level, and without curves that would prevent high speed. The line runs along an interminable plain from Tobé Kurler to Eregli, at a height varying little from 3,200 feet above sea-level. The surrounding country is cultivated in a minor degree, wheat being grown in large quantity. That the output might be multiplied many times is obvious, for only patches are cultivated in large stretches of land of exactly the same character. Frequently land that has been ploughed within a few years is seen to be allowed to lie fallow. Since the opening of the railway there has been a very large increase in the wheat production, as there now exists a market and a means of transport that formerly was absent. Only a beginning has been made, however, and the future should see a remarkable development. The obstacles to immediate expansion are three. Misgovernment has prevented the peasant cultivating more than enough to furnish food for his family, as any surplus was squeezed from him by officials. This, on the line of railway, is now seldom possible owing to closer supervision on the part of the Government, and because the increase in tithes which increased cultivation brings causes the Government to co-operate with the railway in the endeavour to promote development. An obstacle that remains, and which will take time to surmount, is the indolence of the peasant, who has no ambition beyond the immediate needs of his belly. To work hard to-day that he may have money for to-morrow is unnecessary on the part of an individual who believes that his future lies entirely in the hands of God. The grand difficulty, however, is the fact that the country is extremely sparsely populated, particularly in the high-lying regions which are suitable for wheat. Here the climate is rigorous, extremely cold in winter, and very hot in summer. The absence of trees and verdure renders the country unattractive, and probably accounts in no small degree for the small population. Material increase must be a very slow process, and immigration is not generally considered a probability.

The continuation of the Anatolian Railway system from Konia to Eregli, and constituting the first section of the Bagdad Railway, presents no important points of difference. Probably there has never been a line so inexpensively constructed, for there can hardly be any variation in height more than 30 feet, while cutting and embanking are practically nil. I noticed only two small bridges, 30 or 40 feet long, single span, and only a few feet above trifling streams. As formerly remarked rails are heavier, and more firmly clamped to the sleepers. To Konia the permanent way is far from being up to European standard of smoothness, and no improvement is apparent in the Bagdad section. As one judges by the movement in a carriage, however, it is not possible for an amateur to know whether bumping is due to irregularity in the track or to inferior rolling stock. It is noticeable that the sidings are long and ample in the Bagdad section, where on the Anatolian line they are often insufficient to accommodate a train.

Water is plentiful at all stations lying low from streams or irrigation canals. On

the plateau most stations are supplied by wells, but I had no opportunity of examining the system of pumping or the quantity of water available. Water is not carried between any stations, and I understand its supply is not a difficulty.

[illegible]

Station.	Kilometres.	Time occupied exclusive of stoppage.	Doubled-ended Sidings.	Time occupied exclusive of stoppage.
Sadrava ..	14.7	24	00	} All the way
Azardju-Derbend ..	24.9	40	00	
Aladje ..	34.1	34	00	
.....
.....

NOTES

(1.) *Rockland*.—Immediately east of station is iron bridge, single span, about 30 feet, 8 feet above small stream. Twenty yards down stream is small, stone bridge for local traffic, massive, might be used in case of damage if strengthened.

(2) *Frendle de Tule*.—About 2 kil.-m. west of Frendle is iron bridge, single span, about 80 yards, 10 feet high.

(3.) *Geograph.*—1.1 km. behind railway crosses deep ravine, apparently 70 or 80 feet down a few yards away are five slender stone piers 35 to 40 yards apart recently abandoned for present iron bridge, but which could not see, but length is about 200 yards, break here would be very serious as practically impossible owing to depth and rocky ground. Failing iron-work for bridge, would circle top of ravine, crowning staff table, entailing perhaps a mile of construction, much cutting and such grading.

(3.) *During*—Besides two open ridings, there are three blank loading ridings, on to a coal deposit, when situated a short 300 yards distant, where a stream of 1,000 tons was berthed, and where a big factory

Since $\alpha = 1$ we have

Small leading rd. Liberty railway has over-rd magnificent alluvial plain from Lunk, but now enters mountainous country—ride heights. In narrow valley are three bridges—

1955 42 8 30

80-100 yards long, 25 feet above river

Our own crew, 20 yards away, 10 feet above small stream.

One gauge, where houses heavily wooded with oaks trees. Approaching Grove again
the bridge, River recovered by bridge 100 yards long, two span, 20 feet above
water. Just before crossing Gorge 60-foot bridge, single span, 6 feet above water.

(5) *Querd.*—Large goods shed, with open sides, accommodate about 200 waggons. From Querd to M-kangé, the alluvial plain, 36 km. long.

(9.) *Alchidop*—Railway now enters another fine gorge, where river flows embanked with stone, and breakwaters throw out 20 feet above water. After 4

(10.) *Four Han.*—Between Left and Vear-Han, bridge, two-span, 40 yards long, 16 feet high water, gorge, with mountains rising 500 to 1,000 feet on either side, varying between 40 and 60 broad. Most remarkable place, as following shows; 2 kuas beyond first bridge there come:—

Bridge, single-span, 90 yards long, 20 feet above water			
" " 60 to 90 feet long, 20 feet above water			
" " 60 to 90 "	20		
" " 60 to 90 "	"	20	
" " 60 to 90 "	"	20	"
Timber, 100 yards long			
Bridge, single-span, 60 to 90 feet long, 20 feet above water			
" " 60 to 90 "	"	20	
" " 60 to 90 "	"	20	
" " 60 to 90 "	"	20	

(11) *Stroph.*—Kagami-bone for four, turntable, also two blank endings. Out of 13 edges the line makes a 16-5 ft. distance which takes twenty minutes to complete, ascent being 325 metres, giving an average gradient of 1 to 50. Soon after Kuruj is a steep ridge, no. 2 alone past 180 yards to gully notes omit to say whether above river or ravine—later I think. Then follow another 14.

Yasik.—Four hundred yards past station is another bridge, similar to previous one, 120 yards long, over ravine. Followed by tunnels of 850 yards, 110 yards, 350 yards, 90 yards, 200 yards, 100 yards, 100 yards, 100 yards, or nine tunnels, aggregating very nearly 1 mile. Between Bledjik and Yasik, the road is very rough in places, but rocky floor, and could stand heavy traffic. Between Yasik and Bledjik, the road is high up on the side of the gorge. Considerable shed accommodation, on the road, is available. The stations are well equipped. The road is up for some distance. Junctions could be effected in a few hours.

December 14, 1907

[5047]

No. 4.

India Office to Foreign Office.—(Received February 13.)

Sir,
I AM directed by Mr. Secretary Morley to transmit herewith, to be laid before the Secretary of State for Foreign Affairs, copy of papers received from the Government of India, including a translation of the lease granted by Sheikh Mubarak to the British Government of the foreshore of Kuwait at Bunder Shweikh. Copy of telegraphic correspondence with the Viceroy on the subject is also inclosed. The terms of the lease are in accordance with the instructions conveyed to the Government of India in Mr. Morley's telegram of the 2nd October, 1907, except as regards—

1. The inclusion of Warba Island among the lands in respect of which a right of pre-emption is secured (see clause 6, section 3);
2. The definite undertaking in clause 9, on behalf of the British Government, that the "town of Kuwait and its boundaries" belong to Sheikh Mubarak, and to his heirs after him, and that all his "arrangements at the present day" shall remain in his hands and to his heirs after him.

As regards (1), the explanations of the Political Agent at Kuwait are given in the enclosed. Mr. Morley concurs in the view expressed in the Viceroy's telegram of the 2nd October, 1907, that the inclusion of Warba Island does not necessarily involve any embarrassing consequences.

As regards the second point, it will be seen from the Political Agent's letter of the 21st August, 1907, that the words in question are taken, not from the draft Agreement, but from the Sheikh's letter of the 21st August, 1907, relating to that Agreement. The assurance now given goes beyond such a guarantee of internal independence as was contemplated in the telegrams from the Government of India dated the 27th August and the 8th September, 1907, and extends somewhat the scope of our obligations to the Sheikh, which at present are limited, so far as formal Agreements are concerned, to assurances of the good offices of the British Government towards him, his heirs and successors, so long as the conditions of the Agreement of the 23rd January, 1899, are fulfilled.

In the circumstances Mr. Morley agrees with the Government of India that it is not desirable to make a further reference on the point to Sheikh Mubarak. The promise of good offices made in 1899, read in conjunction with the assurance given in 1907, would not tolerate an attack by Turkish troops on the Sheikh and his territory. Mr. Morley would propose, subject to Sir E. Grey's concurrence, that the satisfaction of His Majesty's Government at the conclusion of the negotiations should be expressed to the Government of India.

I am, Sir,
(Signed) A. GODLEY

Inclosure 1 in No. 4.

Government of India to Mr. Morley.

(Secret.)

(Telegraphic.)

November 16, 1907.

KOWEIT foreshore.

In clause 6, sub-clause 1, of translation of lease posted on the 31st October, 2,000 cubits is clerical error for 2,000 cubits.

We consider inclusion in lease of right of pre-emption to Warba Island can in no circumstances embarrass us, even if Sheikh's title to island is doubtful, since it merely conveys to us Sheikh's rights for what they are worth.

Inclosure 2 in No. 4.

Mr. Morley to Government of India.

(Secret.)

(Telegraphic.)

India Office, November 21, 1907.

101 R telegram 16th instant: Kuwait.

Clause 9 of translation of lease forwarded with Secretary's letter of the 31st October seems to give pledge which goes beyond that of abstention, on our part, from levying customs, and which is capable of construction as grant of dynastic guarantee. Please let me have your views. Guarantee of internal independence, referred to in your telegram of the 27th August, is given in clause 12 of lease.

Inclosure 3 in No. 4.

Government of India to Mr. Morley.

(Secret.)

(Telegraphic.)

January 10, 1908.

YOUR telegram of the 21st November: Kuwait.

In Agreement of 1899 words used were "heirs and successors" ("warasat wa akhlat"). In rehearsing that Agreement in clause 8 and elsewhere in lease, Mubarak only used "heirs", but presumably meant the same thing. Knox is certain that he contemplated "heirs" generally. "Warasat" includes all legitimate heirs, not only Mubarak himself succeeded by removal of two other heirs. He could scarcely be particular as to legal restrictions on term "warasat." At any rate, there was no intention of giving a dynastic pledge, and to interfere on behalf of legal heir of Mubarak against another claimant might well be held to be an interference with the internal affairs of Kuwait. In the circumstances we would preclude any further reference on the point to Mubarak.

[6101]

No. 5.

Sir Edward Grey to Sir A. Nicholson

(Secret.)

Foreign Office, February 22, 1908.

SIR C. HARDINGE was informed on Saturday by the Counsellor of the Russian Embassy that Herr von Schön had been continually pressing M. Izvolsky to come to terms about the Bagdad Railway, and to agree to the construction of a branch line into Persia via Khanik.

M. Izvolsky had, however, absolutely refused to bind the Russian Government to build the branch railway, on the ground that when railway construction was opened in Persia, on the expiry of the Railway Convention, it would probably be to Russian's interest to build some other railway first, and that in any case, before agreeing to the construction of a branch of the Bagdad Railway through Persia, Germany must recognize the Russian sphere of influence in Persia. When those terms had been agreed to, the Russian Government would be ready to consider the question of participation in the Bagdad Railway, and would be ready to discuss the terms à quatre or separately as the other Powers might decide.

I am, Sir,
(Signed) E. GREY

[5047]

No. 6

Foreign Office to India Office.

(Secret.)

Sir,

Foreign Office, February 25, 1908

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 12th instant containing the observations of the Secretary of State for India upon the terms of the Agreement recently concluded with Sheikh Mubarek for the lease of land near Kowut.

As regards the specific points raised in your letter, I am to state that, in so far as concerns the inclusion of Warba Island among the lands in respect of which prior proceeding as to the ownership of the island, this provision in addition to the Agreement; while the undertaking contained in clause 1 of the Agreement, town of Kowut and its boundaries does not appear to Sir E. Grey to differ materially from, and at any rate not to go beyond, the assurance to the Sheikh authorized in Lord George Hamilton's telegram of the 14th October, 1902, to the Government of India.

In these circumstances Sir E. Grey entirely concurs in Mr. Morley's proposal to express the satisfaction of His Majesty's Government at the conclusion of the negotiations.

I am, &c.
(Signed) LOUIS MAULET

[6730]

No. 7.

India Office to Foreign Office.—(Received February 26.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of an enclosure in a telegram dated the 3rd March, relative to the lease of the Kowut forshore.

India Office, February 25, 1908.

Inclosure in No. 7.

Major Cox to Government of India

(Confidential.)

Sir,

Bushire, January 1

I HAVE the honour to refer to correspondence ending with a telegram of the 23rd December, 1907, regarding the possibility of clause 9 of the Bander Shwakh lease being construed into the grant to Sheikh Mubarek bin Subah of a dynastic guarantee.

2. On the 7th instant, accompanied by Mr. McDonald, I had a long interview with the Sheikh of Mohammerah, at the latter's urgent request, on the subject of his affairs and future. A separate report will be submitted in regard to what passed generally; meanwhile it seems advisable to communicate the following to Government without delay.

While explaining his over-present apprehensions as to the fate that may be in store for him at the hands of a strongly established Medjliss or, alternatively, in event of the collapse of the Medjliss and an upheaval in Persia, the Sheikh expressed his anxious hope that the British Government would feel able to give him, in return for some suitable Agreement from himself, an undertaking to maintain him and his children in the enjoyment of the rights and status at present possessed by the Sheikh of Mohammerah and the Arab tribes pertaining thereto.

It appeared *prima facie* to Mr. McDonald and myself that the terminology employed by the speaker could only be interpreted as a request for a dynastic guarantee, we were at pains to probe his meaning. We asked him did he suggest that the British

Government should guarantee the continued existence of an Arab Sheikh of Mohammerah on the present lines, or, that they should guarantee the maintenance of him personally and his own family heirs in the enjoyment of their present position without hesitation, that the latter was his intended meaning, adding

Chasib was universally regarded by his dependents as his natural successor, and that in case of Sheikh Chasib's demise he had other sons and blood relations who could succeed.

No reference was of course made by him or me to our recent Agreement with Sheikh Mubarek, but, as the Government of India are aware, the two Sheikhs are fast friends, and it may be taken for granted that Sheikh Mubarek had informed his comrades of his own Agreement with us, and that the latter had it in mind when he expressed himself as above.

For this reason I report the incident as indirectly bearing upon the issue raised in the correspondence alluded to in the first paragraph of this communication.

I have, &c.
(Signed) P. Z. COX

[7775]

No. 8.

India Office to Foreign Office.—(Received March 6.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Mr. Secretary Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy dated the 3rd March, relative to the lease of the Kowut forshore.

India Office, March 5, 1908.

Inclosure in No. 8.

Mr. Morley to Government of India

(Telegraphic) P.

India Office, March 3, 1908.

KOWUT. Your telegram dated the 10th January.

Please see letter of the 12th ultimo to Foreign Office, which was forwarded with Secretary's letter of the 10th ultimo. His Majesty's Government approve terms of lease, and desire to express their satisfaction that negotiations have been successfully concluded.

[11413]

No. 9.

Mr. G. Barclay to Sir Edward Grey.—(Received April 3.)

(No. 23. Secret.)

(Telegraphic) P.

Constantinople, April 3, 1908.

BAGDAD Railway.

Private information has reached me from a reliable source to the effect that pressure is being brought to bear on the Sultan by the German Ambassador for the construction of three further sections of the Bagdad Railway on the security of the ceded revenues surplus. In view of the present straitened condition of this country's finances the scheme of extension.

No. 10

Sir Edward Grey to Mr. G. Bartley.

1894

(Telegraphic.) P.

Foreign Office, April 4, 1906.

BAGDAD Railway

Any possibility of getting the deficit in the Macedonian Budget paid off would be excluded if the Sultan were to consent to the proposals of the German Ambassador reported in your telegram No. 83 of the 3rd instant.

We should have the right to withdraw our consent to the increase of 3 per cent. in the customs unless this deficit is paid off. It might be well that a timely hint should be conveyed to His Imperial Majesty and to the Grand Vizier to the effect that if the surplus revenues were charged for other purposes while the deficit in question remained unpaid we should be obliged to consider the possibility of taking such action as is indicated above, although we have no desire to obstruct the Sultan's efforts by doing so at this moment.

[12685]

No. 11

Mr. G. Barclay to Sir Edward Grey.—(Received April 13.)

(No. 171. Confidential.)

Sir,

Peru, April 7, 1903.

REFERRING to my telegram No. 98 of the 3rd instant, in which I reported that I was informed on private but reliable authority that the German Ambassador was ~~in possession of a copy of a Memorandum~~ forwarded herewith a copy of a Memorandum which has since been furnished me by my informant. As you are aware, the surplus of the cedul revenues, which is looked to as security for the necessary construction loan, was at the end of last year already pledged well into 1910. Since then Sir Nicholas O'Connor has reported a further ~~charge of 100,000,000 marks~~ ~~on the cedul revenues~~ the Anatolian Railway Company, and quite recently this charge has been increased by a ~~further 100,000,000 marks~~ ~~not known how it is proposed to clear off these charges so~~

A telegram which appeared two or three days ago to the effect that the Anatolian Railway Company [sic] had applied to the Minister of Public Works for the extension of the Bagdad Railway to Aleppo afforded me a favourable opportunity for delivering the hint indicated in your telegram No. 116 of the 1st instant. I conveyed the message yesterday to the Grand Vizier, who, in his reply, ~~expressed his opinion~~ stated that he was opposed to the prolongation of the railway. As regards the Macedonian deficit, his Highness said that, if the proceeds of the 3 per cent. surtax came up to expectations, the deficit would gradually be cleared off in the natural course. This is no doubt true if the next two or three years show favourable customs receipts, but the outlook for the current year is not promising, as the depression following the recent commercial crisis is likely to react for some time on the imports.

The hint given the Grand Vicer will of course reach the Sultan, and it should strengthen his Highness' hands in resisting the German demands.

I have, &c.

(Signed) G. BARCLAY

Incl used in No. 11.

Memorandum communicated to Mr. G. Borch.

D'APRES la Convention de Bagdad, la ligne est divisée en sections de 200 kilom. La Société demande au Gouvernement de prolonger la ligne d'Eregli-Boulogourou à Elfan d'une longueur de 300 kilom. en passant par Alep.

L'annuité nécessaire pour cette construction est la suivante

[illegible]

[13544]

No. 12

Mr G. Burdley to Sir Edward Grey. — (Received April 21.)

(No. 187.)

20

Peru, April 18, 1908.

With reference to my despatch No. 171 of the 7th instant, I have the honour to append a Table compiled from figures furnished me by Sir A. Black, showing the rate at which the present floating charges on the surplus of the ceded revenues will be cleared.

[illegible]

It will be seen that, supposing no further charges are incurred, there will still remain at the end of June 1910 a sum of close on £7 200,000 to be paid off. These

temporary charges in themselves need not, of course, prove an insuperable obstacle to the surplus being used for a railway loan. They could be funded, or a formal undertaking on the part of the Ottoman Government earmarking it for the Bagdad Railway, after the present floating charges have been paid off, would doubtless satisfy the Railway Company. What is, however, somewhat remarkable, is that the extension of the railway should be mooted at a time when the Berlin market is under the strain of large impending loans. It would seem as though the Railway Company need not depend for funds exclusively on Berlin.

In the course of conversation on the 11th instant the Grand Vizier again assured me that he was opposed to the hypothecation of the surplus of the ceded revenues for the Bagdad Railway, and that he would do his utmost to prevent it. I have no doubt as to his Highness' sincerity on this point, as the surplus is a most convenient security for advances when the financial strain becomes more than usually acute, and it would naturally be very distasteful to the Porte to see it permanently tied up. At the same time there is no doubt that the Sultan is anxious to see the railway extended as far as Aleppo so as to establish through connection with the H.

It will not have escaped your notice that in the Memorandum forwarded to my despatch No. 171, it is stated that if the railway is only to be prolonged as far as Aleppo, the Company demands an increase in the construction kilometre guarantee to 13,500 fr., or £ T 2,500 more than that provided for by their Convention. I understand that in this case the guarantees for the further sections would be reduced *pro tanto*.

I have, &c.

(Signed) G. BARCLAY.

[13503]

No. 13.

Sir P. Lascelles to Sir Edward Grey. — (Received April 21.)

(No. 171.)

Sr.

Berlin, April 14, 1908.

WITH reference to Count de Salm's despatch No. 320 of the 12th July, 1907, I have the honour to report that to-day's "Cologne Gazette" announces, from information obtained at Constantinople, that a fresh change has taken place in the Board of Directors of the Anatolian Railway Company. Herr Geheimrat Hilferich, who in May 1906 became Delegate of the Board of Directors, in to return to Berlin, where he will be placed on the management of the Deutsche Bank.

Herr Hilferich will not be replaced, Herr Huguenin will therefore continue, as General Director of the Anatolian Railway Company, to manage this and the other enterprises connected with it alone, with the assistance of Herr [redacted] given the title of Director, working under him.

This new arrangement, it is believed, does not meet with universal approbation in German circles.

I have, &c.

(Signed) FRANK C. LASCELLES.

[15664]

No. 14

War Office to Foreign Office. — (Received May 7.)

THE Director of Military Operations presents his compliments to the Under-Secretary of State for Foreign Affairs, and begs to forward, for his [redacted] of a Report recently received from Mr. David Fraser, who is now travelling [redacted] Minor on behalf of the "Times," giving an account of a journey over the proposed route for the second section of the Bagdad Railway.

War Office, May 6, 1908.

Inclosure in No. 14.

Report by Mr. Fraser respecting the Bagdad Railway.

NOTES on the second section of the Bagdad Railway, compiled by the undersigned during a journey across the Taurus in December 1907. Much of the journey was made in darkness or driving rain, which obscured a view of the country. The writer is therefore indebted to information obtained from an article by Professor Sir W. M. Ramsay ("Cilicia, Taurus, and the Great Taurus Pass," "Geographical Journal," October 1903), for particulars not personally observed.

(Signed) DAVID FRASER.

Aleppo, April 5, 1908.

The existing section of the Bagdad Railway, from Konia to Bulgurlu, 200 kilom. in length, traverses a perfectly level plain until within 2 miles of the terminal station. Four miles east of Eregh station there occurs the terrace-like arrangement of low hills, which fringes this part of the plateau of Asia Minor. Eregh is near the [redacted] plateau. Bulgurlu is just within the fringe, and any extension beyond the [redacted] on involves the line in the broken ground which divides the plateau from the low level sea coast littoral. The plateau at Eregh is some 3,600 feet above the sea, whereas Adana the projected terminus for the next section of the Bagdad Railway, is no more than 63 feet above sea level. It is the transition from the high to the lower level, to be compassed only through complicated hill and mountain systems, that constitutes a formidable difficulty to the construction of the second section of the railway.

Between Konia and Eregh, as mentioned in former notes, construction of the first section of the Bagdad Railway was phenomenally easy. Four miles east of Eregh the line begins to rise by easy gradients to Bulgurlu, which is probably not more than 60 or 80 feet above the level of the adjacent plain. The station is the only [redacted] right, as the village after which it is named is situated in the plain some 4 miles to the north-east. All around Bulgurlu Station is desert without any signs of cultivation, and the surrounding country is probably valueless except as pasture land. [redacted] were hard put to it to comply to the stipulated distance of 200 kilom without incurring undue expense. The absolute end of the line lies in a stony hollow a kilometer beyond the station. The ends of the rails are poked nakedly forward from the low embankment in which they rest, and point at a steady ascent that could not be surmounted except by deep cutting through solid rock. The section ends absolutely at the psychological moment from a financial point of view, for additional construction would have involved a totally different scale of expenditure. One is tempted to think that the engineers of the railway exercised some skill in so aptly arranging for completion of the 200 kilom. demanded by the terms of the Convention, for in approaching Bulgurlu Station the line makes a very wide circuit which impresses the layman as totally unnecessary. The last 9 kilom. of the section forcibly suggest the puerileness of the guarantee system as followed in Turkey. There is some reason in the carrying of a railway to Eregh, but none whatever in the extension beyond. But as the terms of the Convention gave the Railway Company the opportunity of making enormous profit in construction, these 9 unnecessary kilom. were made, and now cost Turkey for guarantee no less than 5,000l. annually. Discussion between the Railway Company and the Turkish Government might easily have resulted in this senseless piece of expenditure being avoided, had one of the parties been disposed to play fair and to recognize that in some degree they were bound to consider the interests of the country in which they were working. But the Convention stipulates for 200 kilom of railway in exchange for bonds for 54,000,000 fr., i.e., 270,000 fr. per kilometre. As construction can hardly have cost more than half the sum thus provided, the making of these last 9 kilom. meant a profit to the shareholders of the Company of nearly 50,000l.

In discussing construction of the second section of the railway, from Bulgurlu to Adana, it will simplify explanation if the country to be traversed is divided into subsections showing the different character of the ground at various points, as follows. —

(a) From Bulgurlu to Ula-Kishla, including the rise of 1,500 feet from the Eregh Plain to the highest point which the railway will be required to touch.

[1387]

G

(b.) The descent from Ula-Kishla to Bozanti, a drop of 2,200 feet.

(c.) Transit of the spur of the Taurus Mountains, Bulghar Dagh, which intervenes between the broken country fringing the Eregli Plain and the low-level Cilician Plain.

(d.) Descent from the above to the terminus at Adana, a drop of about 3,000 feet.

Sub-section (a).

Bulgarli to Ula-Kishla is 35 kilometres = say 22 miles. A rise of 1,800 feet in this distance gives a general grade of about 1 in 83. As the measurement of 22 miles is along the Turkish post road, which winds in and out of the hills, the actual rise from point to point would be much greater, hardly less than 1 in 50. These figures indicate the difficulty presented by this part of the projected railway. In addition to the grading there is, of course, the character of the ground to be considered. Low hills lie in long folds with innumerable dips and depressions between. A line traversing the hills and compelled to consider grades would be forced to make wide curves and diversions from the true direction. The sandy and gravelly soil, as far as I could observe, covered solid rock, the cutting into of which would be almost continuous. An advantage is that the region of rolling hills gives a wide choice of ground, and that detours of several miles on either side of the post road would be possible. Of the 35 kilometres involved, 25 represent ascent to the watershed, 3,400 feet, 5 kilometres are a sloping plateau on the top of the watershed where construction would be comparatively easy, and 5 kilometres slightly down to Ula-Kishla. From the watershed to Ula-Kishla the total drop is 600 feet, and the ground corresponds in character very nearly to that on the western side of the watershed.

Sub-section (b).

Ula-Kishla to Bozanti 18 kilometres, drop of 2,200 feet, giving general grade of 1 in 63. At Ula-Kishla there occurs a remarkable change in the character of the country. Hitherto the ground has been open and rolling, and entirely devoid of engineering difficulties. From Ula-Kishla to Bozanti, on the contrary, every mile of the projected railway will be difficult and expensive of construction. The rolling hills of the region on either hand. The wide upland valley east of Ula-Kishla changes into a deep ravine, the bottom of which is secured by a plunging mountain stream. Throughout the 18 kilometres there are practically no flats bordering the river, for the precipitous side of the ravine run right down to the water's edge. The existing road, the result of thousands of years of tinkering and building, is to a great extent cut out of the solid rock. Considering that grading will range between 1 in 50 and 1 in 80, in a narrow ravine which permits of no wide curves or sweeps, it will be understood that the railroad must go straight down this narrow gut in the mountains, tacking from side to side in the endeavour to maintain a reasonable grade, and to avoid broad spurs of obtruding rock. Many bridges will have to be built, nearly all the track will have to be cut out of the solid rock, while the amount of masonry embanking will be tremendous. Work here will have to be of the most solid character to avoid wash-outs. When built, this part of the railway will be extremely vulnerable to attack, owing to the number of bridges, the destruction of one of which might easily throw the line out of work for weeks.

In this connection the existing road is of extreme importance. It is the best road I have seen in Turkey, broad, well graded, free of sharp turns, and well-surfaced. When washed out it is easily repaired, owing to its rocky bed. As an alternative route in case of break-down of the railway, it would be highly valuable for the transport of troops and stores, and would carry a light military line with ease, allowing for a double cart track besides, except at certain points where deep cuttings contract space. This road is, of course, the property of the Turkish Government, and in view of its strategic value as an aid to the railway in case of emergency, it is quite certain that the Turks will not allow the Railway Company to interfere with it. The

natural ground, will add considerably to the difficulties of construction, as it will force upon the engineers bridging and deviation which would not otherwise have been necessary. The road by which the post travels from Eregli is very poor, extremely

heavy in the neighbourhood of Eregli, and rough after entering the hills. The Turks, however, are embanking the boggy ground close to Eregli, and the road will be greatly improved hereafter. It is passable throughout to field artillery, but heavy guns would be difficult of transport. Near Ula-Kishla is encountered the good road discussed above, evidently a strategic road, said to be equally good all the way to Caesarea, 120 miles to the north-east, though this is not certain.

Sub-section (c).

The very ravine described above debouches into a curious valley known in ancient times as Polandos, now as the Vale of Bozanti. Completely girt round by mountainous hills it lies at a level of about 2,700 feet, and measures roughly 1 mile long and 1½ broad. Here the river Chakut from the ravine is greatly magnified by the increased area, and becomes an important stream.

Both road and river are now confronted by that spur of the Taurus, known as the Bulghar Dagh, which constitutes the principal difficulty in construction of the Bagdad Railway. The river, after leaving the vale, winds in and out of deep and impassable gorges and then plunges underground, to emerge on the other side of the obstruction at some miles distance. Unfortunately I had no time to examine for myself, but these facts in regard to the course of the river are accepted by well-known authorities, such as Sir William Ramsay. The German plan is to follow the river along its gorges and then to tunnel to the other side. Bridging and tunnelling will amount to many kilometres, and construction will be on the most expensive scale. Many difficult problems will confront the engineers, and the railway, if ever made, will throw it out of work for months.

The post road leaves the Vale of Bozanti in a southerly direction, and immediately encounters the high ridge of the Bulghar Dagh, under which the Chakut flows some miles further east. There is a climb of 1,500 feet, over a very bad road, in 10 miles, ending at the Tekir Plateau, a level plain about 2 miles long and 1 mile broad, regarded in past times, as it still is, the strategic key to the Cilician Plain below. The highest point of the plateau is 4,300 feet. It is the abrupt character of this obstruction that has forced the German engineers to adopt, on paper, the plan of following the Chakut Su.

Sub-section (d).

Having risen probably 1,000 feet in its course down the gorge of the Chakut Su, the railway is planned to pierce the obstruction that lies before it at a height of 3,000 or 4,000 feet. Emerging on the other side at a corresponding height there lies before it the long descent to Adana. From Adana I rode a short way in the direction from which the railway is expected to come, and found the country very rough and broken, consisting of rock, with a thin covering of gorse, which was quite much blasting and cutting. Further away from Adana, and nearer the point of exit from the mountains, I was informed that the valley down which the railway is to come is narrow, rocky, and broken, and that for some distance construction difficulties will resemble those found between Ula-Kishla and Bozanti.

The post road, by which I travelled, descends from Tekir by a long narrow ravine, in which is situated the famous Cilician Gate. The ravine is some 10 miles long, and greatly resembles in character the descent from Ula-Kishla and Bozanti. At the country opens out considerably, and the last 24 miles to the plain consists of low folds of ground, lying in terraces one below the other. Below Tekir the road is very good, and the distance to the plain.

General Notes.

out to be the best. The expense will be very great, the danger from wash-outs, owing to the very heavy storms prevalent in this region at certain times of the year, will be very great, while liability to landslips and avalanches, &c., in so wild a neighbourhood must not be overlooked. German scientists, believed by well-informed people in

Adana to be engineers, have been spending much time in exploring the mountains near, and it is not improbable that they are seeking an alternative route. My own impression is that it may ultimately be decided to follow the post road rather than the river, a course that is not without advantage. The drop from Tekir would be greater than that involved by the other route, but there would be the advantage of having to traverse a shorter distance of broken country before emerging on the plain. The Adana-Mersina Railway has recently passed into German control. The chief officials are now German, and the system of management and accounts employed in the Anatolian Railways has been adopted. With this short line in the hands of people whose interests are identical with those composing the Bagdad Railway Company, the smaller line could be used to facilitate progress of the greater project. Junction of the two near Tarsus, where the post road comes out of the hills, would save about 20 miles of construction, and would not affect the value of the Bagdad when a.

From a commercial point of view the second section of the Bagdad Railway must be a dead loss, for the country traversed is practically without population, and there is no cultivable land except the small area of Bozanti Vale. Despite the presence of the railway at Ereğli grain in the neighbourhood is dispatched in large quantity by canal to the coast at Mersina rather than by rail to Constantinople. High railway rates account for this anomalous state of affairs, which, however, is not likely to continue as there is a general tendency to lower charges on the Anatolian railways. Locally the Bagdad Railway will of course do little or no work, while it is difficult to see that through goods traffic, when the line is extended to Aleppo, will be important owing to the proximity of the principal markets to the sea. From the Turkish point of view the railway is a financial burden rather than economic, while in German eyes the kilometric guarantee is the important consideration.

It is hardly necessary to say anything about a delay in proceeding with construction of the second section of the railway, for it has been fully discussed in the press. The terms of the Convention provide for Turkish bonds of the value of 74,000,000 fr. to be handed over to the Railway Company as provision for construction expenses. These bonds, in the case of the first section, were floated in Europe and brought in a return, approximately, of 1,400,000 fr. Actual construction cost no more, according to the estimate of competent authorities, than 800,000 fr., the result being that the holders of the Company pocketed 1,000,000 fr. The same financial arrangements held good for section 2, but matters work out very differently, for instead of costing 800,000 fr. to make the new section will cost nearly 3,000,000 fr. owing to the natural difficulties detailed above. The Company, therefore, does not care to face a situation wherein they will be obliged to disgorge not only their million of fr. but also the 1,000,000 fr. already received. The real difficulty is due to Turkish inability to allocate revenues for the payment of interest on the necessary bonds, but I do not believe that this is the true cause. While there is no doubt that it would puzzle the Turks to find nearly 1,000,000 fr. annually to secure the guarantee in all the sections of the railway, it is quite another matter to suppose that they cannot find the 80,000 fr. annually for the section in question. The real difficulty lies in the disinclination of the German financiers to part with money already pocketed.

[17281] No. 15.

Mr. G. Barclay to Sir Edward Grey.—(Received May 19.)

(No. 110.)

(Telegraphic.) P.

Constantinople, May 19, 1908.

I HAVE reminded the Grand Vizier of the communication made by me to his Highness on the 6th ultimo under instructions contained in your telegram No. 106 of the 4th ultimo, as rumours of a further extension of the Bagdad Railway have been

His tone had undergone a complete change since my despatches Nos. 171 and 187 of the 7th and 13th ultimos, respectively, and his position has evidently been overthrown. While he gave me assurances of the payment of Macedonian deficits, he otherwise maintained a reticent attitude, but I was left with the conviction that the extension of the line was to be secured on the surplus of the ceded revenues, if it had not indeed already been pledged for that purpose.

[17340]

No. 16.

Mr. G. Barclay to Sir Edward Grey.—(Received May 20.)

(No. 111.)

(Telegraphic.) P.

BAGDAD Railway

Constantinople, May 19, 1908.

With reference to my telegram No. 110 of to-day's date, I have received private but trustworthy information that a Mazbata was forwarded to the Palace at the Council of Ministers held on Sunday last, recommending the continuation of the line for a distance of 840 kilom. to Helif, the junction of the branch line to Mardin. The surplus of the ceded revenues is to provide security for the construction loans.

[17281]

No. 17.

Sir Edward Grey to Mr. G. Barclay

(No. 80. Secret.)

(Telegraphic.) P.

BAGDAD Railway

Foreign Office, May 21, 1908.

With reference to your telegrams Nos. 110 and 111

There is no doubt that, so long as their international engagements are not violated, the Porte possess the right of dealing with their financial resources in the way which

Government regard the hypothecation for the extension of the Bagdad Railway of the surplus of the ceded revenues as a proceeding which it is difficult to justify.

In spite of the fact that no special pledge was given that this source of revenue would be used for providing for possible deficits in the Macedonian Budget, the assumption at the present moment by the Porte of fresh liabilities must be the cause of apprehension to His Majesty's Government.

The Grand Vizier should be reminded at the first suitable opportunity of the engagements contracted by the Porte in the Arrangement with the Ottoman Bank (Article 12). You should call his Highness' attention to the long delay which has occurred in the fulfilment of the pledge given by the Porte to expend the sum of 100,000 fr. on improvement of the Customs-house, and to the large deficit which is still outstanding on the Macedon.

The consent of His Majesty's Government to the increase of the duties was only given on condition that the engagements contracted by the Porte should be scrupulously fulfilled in future, and you should lay stress on this fact.

[17281]

No. 18.

Sir Edward Grey to Sir F. Bertie

(No. 220A. Secret.)

Sir,

Foreign Office, May 21, 1908.

I TOLD M. Cambon that the Germans had made an arrangement with the Turks to secure the surplus of the ceded revenues, as soon as they were free in 1910, for an extension of the Bagdad Railway. This would lead to further developments, and I told M. Cambon that I was anxious to act with the French.

M. Cambon suggested that the report might not be true.

I told him that Mr. Barclay had spoken to the Grand Vizier about it when he first heard it, and had pointed out that if Turkey pledged her revenues in such a way as to prevent her from fulfilling the conditions of the 3 per cent. increase we might have to raise the question of withdrawing our consent to the increase. The Grand Vizier had, at first, been satisfactory in his reply, but when approached more recently he had given the impression that an arrangement with Germany was either concluded or on the point of being sanctioned.

I also told M. Cambon that, now the Heraclea question was settled, I hoped the French Ambassador would be instructed to support the Quays Company, who had been waiting for some time for an trade to settle a matter in which they were interested. Mr. Barclay informed us that there was a hostile disposition towards the Company on

[1547]

the part of the Turks, and that it would be necessary for us and France, sooner or later, to make it clear to the Turks that they must not obstruct the affairs of the Company.

M. Cambon said he would ask his Government to send instructions in this sense.

I am, &c.
Signed) E. GREY.

[17606]

No. 19.

War Office to Foreign Office.—(Received May 22)

THE Director of Military Operations presents his compliments to the Under-Secretary of State for Foreign Affairs, and begs to forward herewith a translation of an article that appeared in the "Novoe Vremya" of the 16th instant, which it is thought will be of interest to him.

War Office, May 21, 1908.

In issue in No. 19

Extract of Article from the "Novoe Vremya" of May 16, 1908

THE BAGDAD RAILWAY

By K. A. T. S.

ON the 17th October, 1902, the "Novoe Vremya" was one of the first to give in general outline the substance of the Convention concluded by the Turkish Minister of Commerce and Public Works, Zohur Pasha, with Dr. Kurtzander, Chief Director of the Imperial Ottoman Anatolian Railway, regarding the construction of the Bagdad line, destined to join Haider Pasha in Asia Minor with Koweit, or, more correctly, Hamburg with the Persian Gulf and India.

Since that time, notwithstanding the hindrances encountered by Germany in the European Concert, and the impossibility of guaranteeing the whole undertaking financially, the line has been carried through as far as Konia, that is to say, through territory both thickly populated and, from the topographical point of view, not presenting any special difficulties.

These six years have been a period of persevering work carried on behind the object of obtaining the Government subsidy, without which the necessary capital of 700,000,000 fr. could not be realized.

At the present time all that could be achieved by German capital, with the energetic co-operation of the Government in the guise of the Deutsche Bank, has been realised, and Germany has been brought face to face with the necessity of resorting to outside assistance. As yet this is only talked of in whispers, and business is being carried on in secret with those persons who are able to furnish the means.

But, if not to-day, to-morrow the Bagdad line will become the subject of an international exchange of views and a weighing of those compensations in consideration of which the purse of France, and perhaps of other Powers, might render the necessary support to the undertaking now at a standstill.

A compensation of this description as regards the first-named would appear probable in Morocco, where Germany has with foresight created difficulties for France, in order, at her own time, to dispel them for a corresponding recompense.

The Bagdad Railway, both from the economical and the political point of view, is a great work. It is necessary to carefully consider it from every point of view. This is why, at the moment when the question is passing from the passive to the active aspect, it is necessary to carefully consider it from every point of view.

Germany, being at the present moment, if not at a period of financial crisis, at any rate of scarcity of capital, cannot think of realizing the necessary 700 millions

without outside help. The matter is not merely that such a sum is not available on the Berlin market, but there is the difficulty of finding any sources from which this sum could be guaranteed at even a minimum rate of interest, for it is impossible, even with the greatest optimism, to count upon the Bagdad Railway paying its way for the first ten to fifteen years. This is why the German Government is obliged to work in two directions at the same time: first, to find in Europe a capitalist willing to enter as a great shareholder in this concern; secondly, to find in Turkey a reliable source of Imperial revenues which can be appropriated to the kilometre guarantee of the line.

As regards England, hitherto she has replied to private and official proposals for such financial aid as she could give by a categorical *non possumus*, for the strengthening of Germany in Asia Minor and the Persian Gulf and the creation of a foreign rival in India does not all suit her political views. There is good reason for believing that her insistence upon the application of the funds exclusively to the needs of the three Macedonian vilayets was with the indirect object of preventing the possibility of Germany using this income for the Bagdad undertaking.

There is little prospect of England changing her point of view, and this is the reason why Germany is compelled to direct her efforts entirely towards France. Opposition on her part seemed less obstinate.

At the time of the negotiation of the above-mentioned Convention, a strong Syndicate of financiers was formed in Paris, under the presidency of M. Rouvier, which was actually able to attach the French Government to its side. This appears from the fact that the Ambassador of the Republic at Constantinople, Crémieux, gave every possible support to those agents of the German Government who endeavoured to persuade the Porte of the necessity of the unification of the Ottoman Debt, the introduction of monopolies, the raising of the provincial tithe duties, &c., for the purpose of acquiring means for the kilometre guarantee.

These efforts were unsuccessful at the time. The line only reached Konia with a risk and peril. But at the present time the line beyond Konia enters the foothills of the Taurus, and before it lie 180 kilom. of alignment offering very great technical difficulties and involving enormous cost. Further on it will have to struggle against marshes, swamps, and uninhabited plains, with the difficulty of great bridging operations across the Tigris and the Euphrates, and the absence of local labour in a country inhabited by plundering nomad tribes.

Germany by herself is powerless to complete an undertaking of such difficulty. Therefore, having passed Konia, she finds herself in a dilemma: she must either throw up the whole thing, which has already cost her many tens of millions, or must fall back upon the material aid of France, who alone is able to help her to carry the business through to the end. This necessity explains the nervousness of German policy with regard to France, at one time carrying favour with her, at another semi-hostile, the tone changing according to France's compliance in the matter of capital.

The Rouvier Syndicate, dissolved at the time, has come into being again, under the leadership, too, of the late French Minister. The hints of political concessions made by Germany at the time when the Moroccan conflict was at its height are now taking definite form. She now quite unequivocally offers France freedom of action in Morocco in return for financial support in the matter of the railway.

Parties connected with the Government are bargaining, asking for a greater share in the administration and proprietorship of the Bagdad line. If a compromise is arrived at on this ground, then it is probable that a Turkish Government guarantee will be found for the unprofitable part of the line, a guarantee which will impose an annual burden of thirty-five millions upon the exhausted treasury of the Porte. The future is easy to foresee.

Just as the Suez Canal, constructed by French labour and French capital was soon entirely in English hands, so the Bagdad line will be in Germany's hands.

There is only this difference: that the shares of the Canal were sold by the holders at a premium, but the papers of the unprofitable German line, by an artificial and timely depression of the market, will appear at a third of their value in the German coffers.

The readiness of the French bankers to assist this undertaking is certainly not conditional on its commercial success, but on its success as a speculation on

the output of shares. Whether the French holder of these shares will suffer is of course for them a secondary consideration. But there is a danger which has not been sufficiently taken into account—that is, the international danger, and the danger for us, Russia.

One of the apostles of the "Drang nach Osten" said: "The Bagdad Railway will change the aspect of the world." In this there is a good deal of truth. We will deal in another article with the serious importance to us of this advancing danger, and with the measures to be taken to protect ourselves in some degree against it.

[17850]

No. 20.

Mr. G. Barclay to Sir Edward Grey.—(Received May 23.)

(No. 114.)

(Telegraphic.) P.

Pera, May 23, 1908.

WITH reference to my telegram No. 114 of the 19th instant, I have the honour to report that last night the Sultan gave his sanction to proposed prolongation of the Bagdad Railway as far as Halil. The sums necessary to provide the construction and working kilometre guarantees are to be secured on the Government's share in the surplus of the ceded revenues from 1913, and on the sheep tax of the Aleppo Vilayet.

Seeing that the temporary charges on the surplus of the ceded revenues will in all probability be cleared off by 1911, it is not quite clear why the year 1913 has been fixed as the time from which its hypothecation for the railway is to date.

[17816]

No. 21.

Mr. G. Barclay to Sir Edward Grey.—(Received May 25)

(No. 271.)

Sir,

Pera, May 20, 1908.

WITH reference to my two telegrams Nos. 110 and 111 of yesterday respecting the Bagdad Railway, I have the honour to report that the Grand Vizier's assurances yesterday as to the payment of the arrears in the three vilayets were of the most positive kind, his Highness declaring that the debt would be paid *argent comptant*.

It may be that this confident assurance is based on expectations of accommodation from Paris now that the Heraklia question is settled, but it seems more probable that it points to a financial arrangement with Germany which would no doubt, besides supplying the money required to pay off the arrears in Macedonia, enable the Turkish Government to clear off the temporary charges on the surplus of the ceded revenues which, as you are aware, would not in the ordinary course be paid off before 1911.

The favourable turn in the German negotiations is doubtless due to the pressure of the German Emperor when he received Turkish Pasha's Mission sent by the Sultan to greet His Majesty on the occasion of his visit to Corfu. I cannot otherwise account for the Grand Vizier's apparent change of attitude noticed in my telegram No. 110 of yesterday.

I have, &c.

(Signed) G. BARCLAY

[17798]

No. 22.

Sir F. Lascelles to Sir Edward Grey.—(Received May 23.)

(No. 240.)

Sir,

Berlin, May 22, 1908.

I HAVE the honour to report that a telegram from Constantinople has been published in the German papers, stating that the Porte has agreed to the construction of a further section of 800 kilom. of the Bagdad Railway. This piece of news is greeted with much jubilation; it is pointed out that this section includes the most difficult and expensive part of the line, viz., the crossing of the Taurus, so that once this section is completed, the construction of the remainder of the line to Bagdad cannot present many difficulties. The "Berliner neueste Nachrichten" considers the obtaining of this Concession a great feat of German diplomacy and a proof of the falseness of the statements frequently made in foreign papers as to the wane of

German influence at Constantinople. The "National Zeitung" bases its pleasure at the news rather on the financial signification, for, in its opinion, the legends of Germany being unable to complete the scheme without foreign assistance will thus be disproved. Both papers think it desirable to add that Germany has no political intentions or ambitions in that part of the world, and that the railway is to be looked upon as a purely commercial and civilizing undertaking. The "National Zeitung" also remarks that though Germany is thoroughly capable of building the line herself, she would gladly allow foreign capital to participate on condition that she retains the management of the line.

I have, &c.

(Signed) FRANK C. LASCELLES

[17608]

No. 23.

Memorandum communicated to M. Pichon, May 27, 1908.

D'APRÈS les renseignements parvenus au Gouvernement de Sa Majesté Britannique, Sa Majesté le Sultan aurait autorisé par Iradé Impérial le prolongement du Chemin de Fer de Bagdad jusqu'à Halil, situé à 840 kilom. au delà de Bourgourlou, et l'affectation à ce but du surplus des revenus cédés et de l'excédent des revenus appropriés au Chemin de Fer d'Anatolie.

Il s'agirait donc dès à présent pour la Compagnie de Bagdad de réaliser, au moyen d'un emprunt, la somme requise.

Sir E. Grey, s'inspirant de l'accord intervenu entre les Gouvernements de France, de Russie, et de la Grande-Bretagne de ne pas soutenir cette entreprise sans entente préalable, prie instamment M. Pichon de vouloir bien faire les démarches nécessaires pour que cet emprunt ne soit pas coté à la Bourse de Paris.

En attirant l'attention bienveillante de M. Pichon sur cette affaire, Sir E. Grey croit utile de signaler tout spécialement à son Excellence les observations faites à ce sujet par M. Henry à Sir F. Bertie au mois de Décembre 1900, ainsi que l'attitude du Gouvernement de Sa Majesté lors de la visite de l'Empereur d'Allemagne en Novembre passé.

Foreign Office, le 27 Mai, 1908.

[18571]

No. 24.

Mr. G. Barclay to Sir Edward Grey.—(Received May 20.)

(No. 121.)

(Telegraphic.) P.

Constantinople, May 20, 1908.

BAGDAD Railway.

With reference to your telegram No. 80 of the 21st instant, the Grand Vizier again assured me, in reply to my representations that the Macedonian arrears would be paid off, and pointed out that it is only from the year 1913 that the surplus of the ceded revenues is to be hypothecated.

His Highness has instructed the Customs Department to furnish a report in detail showing what estimates have already been sanctioned by Imperial Iradé, and what sums have actually been spent on improvements.

[18753]

No. 25.

Mr. G. Barclay to Sir Edward Grey.—(Received June 1.)

(No. 275.)

Sir,

Pera, May 24, 1908.

WITH reference to my telegram No. 114 of yesterday, I have the honour to report that the Anatolian Railway Company have now presented to the Ministry of Public Works two draft Conventions, the one technical and the other financial, respecting the details of the extension of the Bagdad Railway from Bulgurlu to Halil, the point at which the branch to Mardin is to leave the main line.

According to these Conventions the plans and specifications for the work are to be

[1347]

extension. Including a branch line from Telhadesh to Aleppo (40 kilom.), the length of the line is 11,000 fr per kilom. for construction and 1,500 fr for maintenance. To secure this the Government's share in the surplus of the ceded revenues from 1913, and I understand that the sheep tax in the Aleppo Vilayet, and not, as reported in my telegram of yesterday, the Anatolian Railway tithes surplus, is assigned as additional guarantee. Should these two sources prove insufficient, the deficit is to be made good from the general revenue.

The draft Conventions provide for a loan of 227,000,000 fr nominal at 4 per cent interest and 0.8 per cent sinking fund, to be issued as the progress of the construction work requires. As the plans are not needed for a year, it seems unlikely that the work will begin before this time next year, and the construction being spread over eight years, the contemplated loan is not likely to over-tax the resources of the money market in Berlin.

I have, &c.
(Signed) G. BARCLAY

18967

No. 26.

Mr. G. Barclay to Sir Edward Grey.—(Received June 1.)

(No. 100) P. Constantinople, June 1, 1906.
I AM sending by post to-morrow the loan contract for the extension of the Bagdad Railway (see my despatch No. 275 of the 24th ultimo). This contract is to be signed by the Ottoman Debt, as are also the prospectus and bonds. The Council of the Debt will discuss this proposal at its meeting to-morrow, and Sir Adam Block intends to endeavour to obtain an adjournment of the discussion in order to consult the Council of British Bondholders in London, inasmuch as the proposed contract involves the co-operation of the Debt for the service of the loan.

We cannot prevent the Germans using the surplus of the ceded revenues for the extension of the Bagdad Railway, which is all that it is called upon to do at present, the value of the bonds would be reduced in the eyes of the public.

If Sir Adam Block adopts this attitude he can only be successful if both the Delegate of the Ottoman Bank and the President of the Council of the Debt, at present the latter does not intend to raise any objection to the proposed arrangement. But it is not certain whether, in order to obtain the result which I have stated above, it is worth while for Sir Adam Block to incur the odium (which we should share) of refusing his consent to the contract.

18967

No. 27

Sir Edward Grey to Mr. G. Barclay

(No. 100) P. Foreign Office, June 2, 1906.
(Telegraphic) P. SECRETARY for Bagdad Railway Loan.

It would be neither right nor desirable that Sir A. Block should incur the odium of refusing his consent to the contract. (See your telegram No. 128.)

It would not be politic to create obstruction which could not effectually prevent the issue of the loan.

189733

No. 28.

Mr. G. Barclay to Sir Edward Grey.—(Received June 9.)

(No. 100) P. Thessalonica, June 2, 1906.
WITH reference to my telegram No. 128 of yesterday, I have the honour to forward herewith a copy of the Bagdad Railway Loan Contract which is to be submitted to the Council of the Public Debt at its meeting to-day.

It will be noticed that the Debt Administration is to be charged with a considerable amount of work in connection with the service of the loan. The rôle assigned to

the Debt cannot fail to enhance the value of the bonds by making them more popular amongst investors. Its obligation as regards the Government share in the surplus of the ceded revenues is at present confined to handing over this surplus to the Turkish Government, and it is clearly open to the Administration to refuse to undertake the new work which it is now intended to throw upon them. Their refusal to assist could not alter the fact that the Germans have secured the surplus of the ceded revenues for the Bagdad Railway, but it could hardly fail to have the effect of reducing the price of the bonds, and after consultation with the Delegate of the British Bank, who is communicating with his Council in London, I have thought it well to inquire by telegram as to the attitude which it is desired that Sir Adam Block should observe. Sir Adam Block alone could do nothing, but assisted by the French Delegate and the Delegate of the Ottoman Bank, he could carry his point. Commandant Berger, the President of the Council, is, as might be expected, ready to sign the contract, and it would need very strong instructions from Paris to make him take the opposite line.

The terms of the contract differ in several particulars from the résumé of the draft contract (see my despatch No. 275 of the 24th ultimo). It will be observed that the surplus of the ceded revenues is pledged not from 1913, but from any time after the repayment of the temporary charges. These are calculated in the contract at £T 850,000, but Sir Adam Block has pointed out to me that this is too low an estimate, as it does not take into account the interest on the advances named. Nevertheless, it may reasonably be expected that these charges will be cleared off by the end of 1910 or early in 1911.

It will also be noticed that the sheep tax of the vilayets of Adana and Koula is earmarked, in addition to that of Aleppo, as subsidiary guarantee, subject to a charge of indemnity.

In conclusion, I beg to point out that the Government's share in the surplus of the ceded revenues is pledged by the contract to the extent of £T 420,000 a year. At present, after meeting the permanent charges upon it, the Government's share only

I have, &c.
(Signed) G. BARCLAY.

Inclosure in No. 28.

Bagdad Railway Loan Contract.

LE GOUVERNEMENT Impérial Ottoman, représenté par son Excellence M. Zia Pacha, Ministre des Finances, agissant en vertu d'un Traité Impérial en date du 20 Février 1915, d'une part; la Société Impériale Ottomane du Chemin de Fer de Bagdad, représentée par M. R. Huguenin, Administrateur-Délégué, et M. Ch. Helfferich, Administrateur de la Société, d'autre part; la Deutsche Bank, représentée par M. R. Huguenin et M. Ch. Helfferich, intervenant pour ce qui la concerne dans le présent contrat; et M. le Commandant Berger, Président du Conseil d'Administration de la Dette Publique Ottomane, intervenant pour ce qui concerne la caudite Administration dans le présent contrat, il a été arrêté et convenu ce qui suit:

Le Gouvernement Impérial Ottoman ayant décidé la création d'un emprunt de 227 millions de francs pour intérêts et amortissement sera l'équivalent de la garantie kilométrique de 11,000 fr. par an et par kilomètre, accordée pour la partie de Bougnarliou à Héli et l'embranchement de Tel-Habesch à Alep, d'une longueur totale d'environ 840 kilom., du Chemin de Fer de Koua-Bagdad-Golfe Persique, selon l'Article 35 de la Convention conclue en date du 20 Février 1915. 5 Mars, 1906, entre le Gouvernement Impérial Ottoman et la Société du Chemin de Fer Ottoman d'Anatolie, et la Convention Additionnelle signée simultanément avec le présent contrat entre le Gouvernement Impérial Ottoman et la Société Impériale Ottomane du Chemin de Fer de Bagdad, les conditions du dit emprunt seront arrêtées par les Articles qui suivent.

L'Administration de la Dette Publique Ottomane est chargée de la gestion de la garantie affectée par le Gouvernement Impérial Ottoman au présent emprunt, en ce

L'affectation susvisée sera privilégiée à toute charge postérieure sur la dite part de recettes.

Par contre, elle passe après une somme annuelle de £ T. 124,059.38, que le Gouvernement Impérial Ottoman a déjà affectée au service de l'Emprunt Ottoman 4 pour Cent de 1904, de nominal £ T. 2,500,000, jusqu'à parfaite extinction du capital nominal de cet emprunt. En outre, la somme annuelle de £ T. 420,000 affectée au service de l'Emprunt Ottoman 4 pour Cent de 1904, de nominal £ T. 2,500,000, jusqu'à parfaite extinction du capital nominal de cet emprunt. En outre, la somme annuelle de £ T. 420,000 affectée au service de l'Emprunt Ottoman 4 pour Cent de 1904, de nominal £ T. 2,500,000, jusqu'à parfaite extinction du capital nominal de cet emprunt.

	£ T
1. Avance de la Banque Impériale Ottomane du 4 (17) Mars, 1906, de 70 000	70 000
2. Avance de la Banque Impériale Ottomane du 9 (23) Décembre, 1906 .. 250 000	250 000
3. Avance de la Banque Impériale Ottomane du 14 (27) Avril, 1907 .. 200 000	200 000
4. Avance de la Deutsche Bank du 24 Décembre, 1906 .. 300 000	300 000
et du 1 ^{er} (14) Mars, 1908	300 000
5. Avance du Chemin de Fer Ottoman
1908
Total	1 120 000

Dans le cas où la part revenant au Gouvernement Impérial Ottoman dans les excédents susmentionnés ne suffirait pas pour couvrir l'annuité afférente aux deux séries du présent emprunt, le Gouvernement Impérial Ottoman parera l'insuffisance éventuelle qui serait constatée à la fin d'une année, au moyen des premières recettes des aghnams des Vilayets de Konia, d'Adana, et d'Alep, afférentes à l'année suivante, étant bien entendu qu'en ce qui concerne les aghnams du Vilayet d'Alep, la présente affectation passe après une somme de £ T. 40,000, réservée pour une autre destination par un contrat antérieur.

Sous aucun prétexte les revenus assignés au présent emprunt ne pourront être construits à leur affectation.

En dehors de l'affectation susmentionnée, s'élevant à £ T. 420,000, le Gouvernement Impérial Ottoman assigne et affecte au présent emprunt, d'une manière irrévocable, jusqu'à parfaite extinction du capital nominal des obligations, sa part dans les recettes brutes moyennes de la partie de Boulgourlou à Helié et de l'embranchement de Tel-Habesch à Alep, d'une longueur totale de 840 kilom. environ, du Chemin de Fer de Konia Bagdad Golfe Persique (voir Article 35 de la Convention passée le 20 Février, 1915 (5 Mars, 1903), entre le Gouvernement Impérial Ottoman et la Société du Chemin de Fer Ottoman d'Anatolie), qui sera établie annuellement suivant l'Article 10 de la Convention précitée.

Toutefois, il reste bien entendu que, selon les dispositions de l'Article 35, alinéa 18, de la dite Convention, pour les titres d'Etat à émettre pour l'exécution des différentes sections du Chemin de Fer de Konia Bagdad Golfe Persique, mais comme sera faite des recettes revenant au Gouvernement Impérial, de façon à ce que le montant disponible reste affecté à la communauté de ces mêmes titres dans la proportion du capital nominal des titres émis. Le Gouvernement dans les recettes d'un exercice sera établi, la Société Impériale Ottomane du Chemin de Fer de Bagdad le versera pour le compte du service de l'emprunt à l'Administration de la Dette Publique Ottomane, et celle-ci remettra en effectif au Gouvernement les sommes exigées pour le paiement du coupon échéant le 1^{er} Juillet de l'exercice en cours.

Le Gouvernement Impérial Ottoman déclare qu'il n'apportera pendant toute la durée du présent contrat aucune modification pouvant diminuer ou changer les revenus spécialement affectés au service de l'annuité du présent emprunt sans accord préalable entre les signataires du présent contrat, et avant d'avoir affecté à l'emprunt d'autres revenus agréés par eux comme d'une valeur égale et présentant les mêmes garanties.

Art. 10. En conformité des dispositions de l'Article 35, alinéa 12, de la Convention du 20 Février, 1915 (5 Mars, 1903), la Société Impériale Ottomane du Chemin de Fer de Bagdad, de son côté, a affecté en gage, d'une façon irrévocable et inaliénable, aux porteurs des titres de l'Etat déjà émis ou encore à émettre du chef de l'annuité métrique accordée au concessionnaire, la ligne de Konia au Golfe Persique et ses embranchements avec leur matériel roulant. Elle affecte, en outre, de la même façon, sa part dans les recettes de la ligne de Boulgourlou à Helié et de l'embranchement de

Tel Habesch à Alep; d'une longueur totale d'environ 840 kilom. à établir suivant les dispositions des Articles 35 et 36 de la Convention précitée, après paiement des frais d'exploitation; mais les porteurs de l'emprunt n'auront aucun droit à s'immiscer dans l'administration de la Société.

La dite part des recettes, déduction faite des frais d'exploitation, tels que cette part et les intérêts dus par les emprunts de la Société susvisée, seront versés par celle-ci à l'Administration de la Dette Publique Ottomane pour le compte du service de l'emprunt annuellement après approbation du bilan de chaque exercice par l'Assemblée Générale. Si l'Administration de la Dette Publique Ottomane n'a pas notifié à la Société Impériale Ottomane du Chemin de Fer de Bagdad, au plus tard jusqu'au jour précédant, chaque année, l'Assemblée Générale Ordinaire de la dite Société, la nécessité d'appliquer cette affectation au service de l'emprunt, la Société est autorisée à disposer librement de la part des recettes en question.

Le Gouvernement Impérial Ottoman aura à rembourser à la Société les sommes que celle-ci pourrait avoir fournies de ce chef pour compte du service de l'emprunt d'Etat.

Art. 11. La Deutsche Bank sera chargée du service de l'intérêt et de l'amortissement de la deuxième et de la troisième série de l'Emprunt Impérial Ottoman 4 pour Cent du Chemin de Fer de Bagdad d'une manière irrévocable et pour toute sa durée.

La Deutsche Bank paiera les intérêts et les amortissements des obligations de la dette publique Ottomane, soit par elle, soit par les maisons de banque qu'elle désignera, pour le compte du Gouvernement Impérial Ottoman, la désignation d'autres établissements financiers en dehors de celle-ci étant restée libre.

Art. 12. L'Administration de la Dette Publique Ottomane prélèvera sur la part du Gouvernement dans les excédents spécifiés à l'Article 9 du présent contrat

1. Les sommes nécessaires au service de l'intérêt et de l'amortissement de la deuxième et de la troisième série de l'Emprunt Impérial Ottoman 4 pour Cent du Chemin de Fer de Bagdad, pour le paiement des coupons et de titres amortis opérés à l'étranger en francs, en marks, en livres sterling et en florins de Hollande, et qui seront remis par l'Administration de la Dette Publique Ottomane à la Deutsche Bank sur simple avis de celle-ci;

2. Les frais de publicité (Article 2), de commun (Article 11), ainsi que les menus frais pour envois de coupons, de titres amortis.

Par contre, il est expressément entendu que l'Administration de la Dette Publique Ottomane n'aura aucun droit à une commission sur les sommes qu'elle recevra pour le service de l'emprunt par la Société Impériale Ottomane du Chemin de Fer de Bagdad, selon les Articles 9 et 10 du présent contrat.

Art. 13. Les fonds nécessaires pour le service de l'intérêt et de l'amortissement des obligations du présent emprunt seront versés par l'Administration de la Dette Publique Ottomane à la Deutsche Bank, et ce de façon à ce que la totalité des dites sommes se trouve entre les mains de la Deutsche Bank au plus tard quatre semaines au moins avant les échéances respectives des coupons et des remboursements des titres amortis.

La Deutsche Bank convertira chaque remise en marks dans les trois jours, au mieux des intérêts du Trésor Impérial Ottoman, et passera le montant dans un compte spécial au crédit du Gouvernement Impérial Ottoman, avec un intérêt de 1 pour cent au-dessous de l'escompte officiel de la Banque de l'Empire d'Allemagne.

Cet intérêt courra au profit du Gouvernement Impérial Ottoman à partir de la date de chaque versement fait à la Deutsche Bank jusqu'à deux semaines avant l'échéance semestrielle à laquelle ces versements sont applicables.

Le compte dont il est parlé ci-dessus sera arrêté entre la Deutsche Bank et l'Administration de la Dette Publique Ottomane, le 2 Janvier et le 1^{er} Juillet de chaque année.

Art. 14. Les deux séries du présent emprunt et tous les actes se rattachant au présent contrat et à sa réalisation, ainsi que les obligations et les coupons des deux séries de cet emprunt, sont exemptés de tout droit de timbre, taxe ou impôt en Turquie, dans le présent et dans l'avenir.

Le Gouvernement Impérial Ottoman s'interdit de faire aucune déduction ou réduction quelconque sur le paiement des coupons et le remboursement des obligations.

Les frais de timbres à l'étranger sur les obligations du présent emprunt seront à la charge de la Société Impériale Ottomane du Chemin de Fer de Bagdad.

Art. 15. L'obtention de la cote des obligations des deux séries du présent emprunt dans les bourses Européennes que la Deutsche Bank designera, et les frais de placement, seront à la charge de la Société Impériale Ottomane du Chemin de Fer de Bagdad, et le Gouvernement Impérial Ottoman interposera ses bons offices, à cet effet, par l'intermédiaire de ses Ambassades.

Le Ministre des Finances et le Président du Conseil d'Administration de la Dette Publique Ottomane signeront les prospectus et déclarations nécessités par l'émission des deux séries du présent emprunt.

Art. 16. Le Gouvernement Impérial Ottoman se réserve le droit de retirer de la circulation à toute époque les obligations de l'emprunt qui font l'objet du présent contrat en les remboursant au pair après un préavis public d'au moins deux mois.

Le Gouvernement Impérial Ottoman se réserve également le droit de procéder, à toute époque et au profit du Gouvernement Impérial Ottoman, à une conversion des deux séries du dit emprunt moyennant le remboursement en effectif, au pair, des titres de cet emprunt encore en circulation et leur substitution par d'autres titres portant un intérêt moins élevé.

Art. 17. Tout différend pouvant surgir de l'interprétation ou de l'exécution du présent contrat sera réglé par un Arbitre nommé par les deux parties intéressées dans le délai d'un mois.

En cas de désaccord entre les Arbitres, ceux-ci nommeront un Surarbitre dont la décision devra être définitive et exécutoire pour toutes les Parties Contractantes.

Fait en triple, à Constantinople, le

Le Ministre des Finances
Société Impériale Ottomane du Chemin de Fer
de Bagdad.
Pour la Deutsche Bank
Le Président de la Dette Publique Ottomane.

[20790]

No. 20.

Sir A. Block to Sir C. Hardinge.—(Received June 16)

My dear Hardinge,

Constantinople June 11 1908

I ENCLOSE copies of the final contract and of the additional conditions of the Bagdad Railway Concession; also a copy of the reserves made by the Council on my initiative. It is all rather discouraging.

Thank you for your letter of the 2nd June. I will in due course write a Memorandum on the Bagdad Railway which I think will interest you, but I cannot do it now.

I shall be in London from the 22nd to the 26th June, and a few days after the 29th before returning here again.

Yours ever,
(Signed) ADAM BLOCK

Inclosure 1 in No. 20

Contrat de l'Emprunt du Chemin de Fer de Bagdad

(Série Deuxième et Troisième.)

EN VERTU D'UN TRADÉ IMPÉRIAL EN DATE DU 11 JUIN 1908, LE MINISTRE DES FINANCES, AGISSANT EN VERTU D'UN TRADÉ IMPÉRIAL EN DATE DU 11 JUIN 1908, A DÉCRÉTÉ LA CRÉATION D'UN EMPRUNT, DONT L'ANNUITÉ POUR INTÉRÊTS ET AMORTISSEMENT SERA L'ÉQUIVALENT DE LA GARANTIE KILOMÉTRIQUE DE 11.000 FR. PAR AN ET PAR KILOMÈTRE, ACCORDÉE POUR LA PARTIE DE BOUTGOURLON À HÉLÏ ET L'EMBRANCHEMENT DE TEL-HABACHE À ALEP, D'UNE LONGUEUR TOTALE D'ENVIRON 840 KILOM., DU CHEMIN DE FER DE KONYA-BAGDAD-GOLFE PERSIQUE, SELON L'ARTICLE 35 DE LA CONVENTION CONCLUE, EN DATE DU 20 FEVRIER, 1918 (5 MAI, 1903), ENTRE LE GOUVERNEMENT IMPÉRIAL OTTOMAN ET LA SOCIÉTÉ DU CHEMIN DE FER OTTOMAN D'ANATOLIE, ET LA CONVENTION ADDITIONNELLE SIGNÉE SIMULTANÉMENT AVEC LE PRÉSENT CONTRAT ENTRE LE GOUVERNEMENT IMPÉRIAL OTTOMAN ET LA SOCIÉTÉ IMPÉRIALE OTTOMANE DU CHEMIN DE FER DE BAGDAD, LES CONDITIONS DU DIT EMPRUNT SERONT ARRÊTÉES PAR LES ARTICLES QUI SUIVENT.

Dette Publique Ottomane, de qualité, intervenant pour ce qui concerne la susdite Administration dans le présent Contrat, il a été arrêté et convenu ce qui suit :—

Le Gouvernement Impérial Ottoman ayant décidé la création d'un emprunt, dont l'annuité pour intérêts et amortissement sera l'équivalent de la garantie kilométrique de 11.000 fr. par an et par kilomètre, accordée pour la partie de Boutgourlon à Héli et l'embranchement de Tel-Habach à Alep, d'une longueur totale d'environ 840 kilom., du Chemin de Fer de Konya-Bagdad-Golfe Persique, selon l'Article 35 de la Convention conclue, en date du 20 Février, 1918 (5 Mai, 1903), entre le Gouvernement Impérial Ottoman et la Société du Chemin de Fer Ottoman d'Anatolie, et la Convention Additionnelle signée simultanément avec le présent Contrat entre le Gouvernement Impérial Ottoman et la Société Impériale Ottomane du Chemin de Fer de Bagdad, les conditions du dit Emprunt seront arrêtées par les Articles qui suivent.

L'Administration de la Dette Publique Ottomane est chargée de la gestion de la garantie affectée par le Gouvernement Impérial Ottoman au présent Emprunt, en ce qui concerne les excédents des revenus concédés à la Dette Publique Ottomane, et intervient à ce titre.

La Deutsche Bank intervient en représentation du groupe financier, pour lequel elle se porte fort, qui sera chargé du service de l'emprunt.

Ceci exposé, il est stipulé :

Art. 1^{er}. Le Gouvernement Impérial Ottoman créera un emprunt comprenant deux séries, savoir :

Emprunt Impérial Ottoman 4 pour Cent du Chemin de Fer de Bagdad, série deuxième ; et

Emprunt Impérial Ottoman 4 pour Cent du Chemin de Fer de Bagdad, série troisième.

La deuxième série est divisée en 216,000 obligations au porteur de 500 fr., soit 408 marks, soit 201, soit 240 florins de Hollande, soit £ T 22 nominaux chacune, représentant la somme de 108,000,000 fr., soit 38,128,000 marks, soit 4,320,000 fl., soit 51,840,000 flor.

de 119,000,000 fr.

Hollande, soit £ T 5,236,000 nominaux (voir Article 6)

Art. 2. Les obligations des deux séries du présent Emprunt rapporteront un intérêt de 4 pour cent l'an, payable semestriellement, au choix du porteur, en francs ou en marks ou en livres sterling ou en florins de Hollande ou en livres Turques le 2 Janvier (s.a.) et le 1^{er} Juillet (s.a.) de chaque année à Constantinople, Paris, Berlin, Francfort sur-Main, Hambourg, Londres, Amsterdam, et dans d'autres villes de l'Europe (à désigner) annuellement par la Deutsche Bank. Le premier coupon attaché aux obligations de l'Emprunt Impérial Ottoman 4 pour Cent du Chemin de Fer de Bagdad, série deuxième, portera l'échéance du 1^{er} Juillet, 1908 (s.a.), et comprendra l'intérêt du premier semestre 1908. Il est bien entendu que les intérêts au taux de 4 pour cent à partir du 1^{er} Janvier, 1908, jusqu'à la date de l'émission, seront déduits du montant à payer sur huit coupon.

Il est bien entendu que les intérêts au taux de 4 pour cent à partir du 1^{er} Janvier, 1908, jusqu'à la date de l'émission, seront déduits du montant à payer sur huit coupon.

Le paiement de ce coupon.

[1587]

Le premier tirage aura lieu, pour la deuxième série, le 2 Novembre, 1903 (s.a.), et pour la troisième série, deux mois avant l'échéance du deuxième coupon y afférent.

Les tirages ainsi que les rachats auront lieu par les soins et aux frais de l'Administration de la Dette Publique Ottomane à Constantinople.

Le résultat de chaque tirage sera communiqué par ladite Administration, au plus tard le lendemain du jour des tirages, par lettre chargée à la Deutsche Bank, simultanément avec une liste indiquant les numéros des obligations sorties antérieures et non encore présentées au remboursement, de même que toutes les annonces concernant le service du présent Emprunt, par les soins de la Deutsche Bank, aux frais du Gouvernement Impérial Ottoman dans deux journaux de Constantinople, un journal de Berlin, un journal de Francfort-sur-Main, un journal de Paris, un journal de Londres, et un journal d'Amsterdam.

La troisième série de l'Emprunt Impérial Ottoman sera affectée au service des obligations émises par le Gouvernement Impérial Ottoman à la Société Impériale Ottomane du Chemin de Fer de Bagdad, qui l'accepte, et de la subvention kilométrique accordée par le Gouvernement Impérial Ottoman pour la partie d'Alep, d'une longueur totale d'environ 840 kilom., du chemin de Fer de Koniah-Bagdad, dont la concession est accordée à la Société du Chemin de Fer Ottoman d'Anatolie par Convention du 20 Février, 1903 (5 Mars, 1903).

La remise de la deuxième série aura lieu à la signature du présent Contrat.

La remise de la troisième série aura lieu à une date postérieure à désigner par la Société Impériale Ottomane du Chemin de Fer de Bagdad.

Art. 4. Les frais de confection et d'impression des obligations seront à la charge du Gouvernement Impérial Ottoman. L'approbation par le Gouvernement Impérial Ottoman de la date de présentation par la Société Impériale Ottomane du Chemin de Fer de Bagdad au Ministère des Finances à Constantinople. A défaut de réponse dans le délai ci-dessus fixé, le modèle présenté sera considéré comme ayant obtenu l'approbation du Gouvernement Impérial Ottoman.

Art. 5. Le Gouvernement Impérial Ottoman, afin de faciliter la prompte réalisation du présent Emprunt sur les places Européennes, autorise la Société Impériale Ottomane du Chemin de Fer de Bagdad à faire émettre, par les banques et correspondants, des scripts pour la totalité de l'Emprunt. Ces scripts ne seront pas sujets à une approbation préalable du Gouvernement Impérial Ottoman.

Art. 6. Les obligations dématérielles porteront la grille du Ministère des Finances de l'Empire Ottoman et seront signées à la main, pour contrôle, par un Délégué du Gouvernement Impérial Ottoman dûment autorisé. Ce Délégué devra être rendu à Berlin dans un délai maximum de deux mois comptés à partir de la date de la demande de la Deutsche Bank. Elles porteront, en outre, la fac-simile de la signature du Président du Conseil d'Administration de la Dette Publique Ottomane et la fac-simile du Président du Conseil d'Administration de la Société Impériale Ottomane du Chemin de Fer de Bagdad.

Les obligations dématérielles seront écrites en Français, en Turc, en Allemand, et en Anglais.

Les titres de la deuxième série seront divisés en 162 000 coupures d'une obligation (Nos. 1 à 162 000), 10 800 coupures de cinq obligations (Nos. 162 001 à 172 800).

Les titres de la troisième série seront divisés en 178 500 coupures d'une obligation (Nos. 1 à 178 500), 11 000 coupures de cinq obligations (Nos. 178 501 à 189 500).

Les titres dématérielles seront reçus dans toutes les caisses de l'Etat Ottoman communément en usage.

Art. 7. Les coupons échus et payés, ainsi que les obligations rachetées ou sorties aux tirages et remboursées, seront annulées par perforation et remises par la Deutsche Bank à l'Administration de la Dette Publique Ottomane, qui les remettra au Trésor Impérial.

Lors du remboursement des obligations sorties au tirage, tous les coupons non attachés au titre, et les coupons manquants seront déduits du montant des obligations remboursées.

Les coupons des obligations rachetées ou sorties aux tirages et remboursées, ainsi que les coupons manquants, seront déduits du montant des obligations remboursées.

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et élevant pour la deuxième série à 4,414,541 fr. 4 c. par an, et pour la troisième série à 4,864,170 fr. 22 c. par an, ainsi que des frais de commission, de change, d'afférents au présent Emprunt, le Gouvernement Impérial Ottoman, par la Société Impériale Ottomane du Chemin de Fer de Bagdad, à laquelle, pour le compte des porteurs des titres de l'Emprunt, d'une manière exclusive et irrévocable, jusqu'à parfaite extinction du capital nominal des obligations, sur les excédents des recettes nettes de la Dette Publique Ottomane revenant au Gouvernement Impérial Ottoman selon l'Article 7 du Décret-Annexe au Décret du 28 Mouarram, 1299, déduits du produit de la surtaxe domaniale de 3 pour cent, une somme de 200 000 pour la deuxième série et de £ T. 220 000 pour la troisième série, soit une somme totale de £ T. 420 000, étant bien entendu que l'affectation de la somme de £ T. 200 000 pour le service de la troisième série passe après l'affectation des £ T. 200 000 pour la deuxième série.

L'affectation susvisée sera privilégiée à toute charge postérieure pour la dite part des recettes.

Par contre, elle passe après une somme annuelle de £ T. 124 059 38 que le Gouvernement Impérial Ottoman a déjà affectée au service de l'Emprunt Ottoman 4 pour Cent de 1904 de nominal 2,500,000, jusqu'à parfaite extinction du capital nominal de cet emprunt. En outre, la somme annuelle de £ T. 420 000 affectée au service du présent Emprunt ne deviendra exigible qu'après remboursement intégral des avances suivantes, au Gouvernement Impérial après prélèvement de la somme annuelle de £ T. 124 059 38 de l'Emprunt Ottoman 4 pour Cent de 1904, savoir :—

	£ T.
Avance de la Banque Impériale Ottomane du 9 (22) Décembre, 1903	250,000
Avance de la Banque Impériale Ottomane du 16 (27) Avril	250,000
Avance de la Banque Impériale Ottomane du 24 (5) Mai	250,000
Avance de la Banque Impériale Ottomane du 31 (11) Juin	250,000
Avance de la Banque Impériale Ottomane du 7 (18) Juillet	250,000
Avance de la Banque Impériale Ottomane du 14 (25) Août	250,000
Avance de la Banque Impériale Ottomane du 21 (31) Septembre	250,000
Avance de la Banque Impériale Ottomane du 28 (8) Octobre	250,000
Avance de la Banque Impériale Ottomane du 4 (15) Novembre	250,000
Avance de la Banque Impériale Ottomane du 11 (22) Décembre	250,000
Total	2,500,000

Dans le cas où la part revenant au Gouvernement Impérial Ottoman dans les excédents susmentionnés ne suffirait pas pour couvrir l'annuité afférente aux deux séries du présent Emprunt, le Gouvernement Impérial Ottoman fera l'insuffisance éventuelle qui serait constatée à la fin d'une année, au moyen des provisions des Agnams des Vilayets de Koniah, d'Adana, et d'Alep, affectées à la présente affectation, et ce qu'il concerne les Agnams du Vilayet d'Alep, la présente affectation passe après une somme de £ T. 40 000 réservée pour une autre destination.

Le présent Contrat n'empêchera aucun des revenus assignés au présent Emprunt de pouvoir être affectés à leur affectation.

En conséquence, et élevant à £ T. 420 000, le Gouvernement Impérial Ottoman assigne et affecte au présent Emprunt, d'une manière irrévocable, jusqu'à parfaite extinction du capital nominal des obligations, sa part dans les recettes nettes de la partie de Bagdad et de Héli et de l'embranchement de Tolu d'une longueur totale de 840 kilom. environ, du Chemin de Fer de Bagdad, par l'Article 13 de la Convention passée le 20 Février, 1903, entre le Gouvernement Impérial Ottoman et la Société du Chemin de Fer de Bagdad, et sera établie annuellement suivant l'Article 40 de la Convention précitée.

Toutefois, il reste bien entendu que, pour les titres des obligations du Chemin de Fer de Koniah-Bagdad, la présente affectation sera établie annuellement suivant l'Article 40 de la Convention précitée.

Le présent Contrat n'empêchera aucun des revenus assignés au présent Emprunt de pouvoir être affectés à leur affectation.

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L'excédent des revenus concédés à la Dette Publique ayant été affecté au prolongement de la ligne de Bagdad, la garantie pour ces 840 kilom. de ligne sera payée sur les excédents des revenus concédés à la Dette Publique, à raison de 11,000 fr. par kilomètre, en conformité de l'Article 35 de la Convention de Bagdad. Étant entendu que si

[illegible]

Passant à l'examen sommaire du Contrat qui est aujourd'hui soumis au vote.

ment contre l'obligation où le met la communication tardive du Malié d'émettre un vote bâtif sur une affaire de cette importance, qui eût mérité de sa part un examen plus approfondi.

Sous ces réserves et étant entendu que la Société du Chemin de Fer de Bagdad est engagée à faire les versements usuels en pareille forme, le Conseil autorise, à l'unanimité, son Président à procéder au Contrat de l'Emprunt des deuxième et troisième séries du Chemin de Fer de Bagdad.

Il décide enfin que ce document, ainsi que la Convention Additionnelle à la Convention du 20 Février (5 Mars), 1903, seront annexés au présent procès-verbal.

[21350]

No. 30.

Mr G. Barclay to Sir Edward Grey.—(Received June 22.)

(No. 323.)

Therapia, June 10, 1908

IN continuation of my despatch No 300 of the 2nd instant, I have the honour to transmit a copy of the "Convention Additionnelle" for the extension of the Bagdad Railway from Bulgurlu to Helif. As already reported, the extension is to be completed in eight years.

Both the "Convention Additionnelle" and the Loan Contract, of which I have already had the honour to forward a copy, were signed by M. Huguenin and M. Helfferich, representing the Bagdad Railway and the Ministry of Public Works, on the 2nd instant. The Loan Contract also bears the signatures of M. Huguenin and M. Helfferich, representing the Deutsche Bank, and of the President of the Ottoman Public Debt, the last mentioned having been authorised to sign at a meeting of the Council of the Debt, an extract from the Minutes of which is also inclosed herewith.

I have, &c.

(Signed) G. BARCLAY

For inclosures, see No. 29.]

En outre, le Conseil doit spécifier que l'annuité de \$T. 15,000, due par le () Impérial pour la réserve, en conformité de l'Article 8 du Décret- () sera traitée comme une assignation fixe sur les excédents des ar- () revenus jusqu'à ce qu'elle ait cessé d'être exigible ou tant que le Gouvernement ne la remboursera pas par une assignation, présentant la même sécurité.

L'Article 2 fixe à quatre-vingt-dix-sept et demi ans le délai dans lequel devra être opéré l'amortissement des deux nouvelles séries de l'Emprunt du Chemin de Fer de l'Etat.

A l'expiration de ce délai, on se demande comment le service du nouvel Emprunt pourrait être assuré par l'Administration après cette époque.

4 Le paiement des composants du

$$P(\mathbf{y}|\mathbf{x}) = \prod_{i=1}^n p(y_i|\mathbf{x}) = \prod_{i=1}^n \frac{1}{M} \sum_{j=1}^M \exp(-y_i \mathbf{x}^T \mathbf{w}_j) \exp(\mathbf{x}^T \mathbf{w}_j) = \frac{1}{M^n} \sum_{\mathbf{J} \in \mathcal{M}^n} \exp(-\mathbf{y}^T \mathbf{W} \mathbf{X}) \exp(\mathbf{X}^T \mathbf{W} \mathbf{X})$$
[illegible][illegible]

Figure 1. The effect of the concentration of the H_2O_2 solution on the amount of the released H_2O_2 from the H_2O_2 -loaded hydrogel. The amount of the released H_2O_2 was measured by the amount of the released H_2O_2 from the H_2O_2 -loaded hydrogel. The amount of the released H_2O_2 was measured by the amount of the released H_2O_2 from the H_2O_2 -loaded hydrogel.

[illegible][illegible]

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μ	t	x	xx	y	z	T_x	T_y	A	n	S	m	r	e_S
0.	30.0	-	-	-	8.96	3.7	0.7	1.8	1.7	-	-	1.4	-

$$\text{HSS}(\mathbf{A}) = \sqrt{\lambda_{\max}(\mathbf{A}^H \mathbf{A})} = \sqrt{\lambda_{\max}(\mathbf{A}^T \mathbf{A})} = \sqrt{\lambda_{\max}(\mathbf{A} \mathbf{A}^H)}$$

Le Conseil, après un échange de vues, déclare s'associer aux observations présentées par M. le Délégué Anglais. Il prie son Excellence le Commissaire Impérial de vouloir bien en faire part au Gouvernement Impérial, en protestant tout spécialement

[22087]

No. 31.

Note on Bagdad Railway.—(Communicated by Sir A. Black, June 28, 1906.)

LA Banque Impériale Ottomane, en présence de l'autorisation qui vient d'être donnée à la Société du Chemin de Fer de Bagdad de procéder à la construction de 810 kilom. de lignes, est desirueuse de préciser sa situation dans cette affaire et la répercussion que les décisions qu'elle est appelée à prendre peuvent avoir tant sur sa propre situation en Turquie que sur les affaires Françaises en Orient et, notamment, en Syrie.

La situation de la Banque Ottomane dans la Société de Bagdad est déterminée par un Accord signé le 14 Novembre, 1963, à Bruxelles, et dont une copie a été, en le temps, remise au Ministère des Affaires Étrangères.

et Accord se résument comme suit :

Le capital-actions de la Société de Bagdad, soit 15,000,000 de fr., après deduction de la part de 10 pour cent souscrite par le Gouvernement Ottoman, est reparti comme suit :

	Pour cent.
Pour la Banque Ita.	4
Pour le Chemin de Fer d'A.	17
Pour le Wiener Bank-Verein	1
Pour la Société de Crédit Suisse	1
Pour des groupes Italien et Ottoman	
Total	23

En ce qui concerne le capital-obligations, la Banque Ottomane a également une participation de 30 pour cent.

Enfin, la répartition des sièges dans le Conseil d'Administration, composé de sept membres, est faite comme ci-après :

Président	1
Vice-Président	2
Membres	4
Total	7

Le Président est Allemand et les deux sièges de Vice-Président sont attribués, l'un à un Allemand, l'autre à un Français.

Les Accords ainsi rappelés mettent la Banque Ottomane en droit de réclamer sa participation de 20 pour cent dans la création des titres destinés à la construction des 810 kilom. nouveaux. Ne voudrait-elle pas exercer ce droit que le groupe Allemand se fût fondé à lui en réclamer l'exécution ?

Les raisons qui, en 1903, ont conduit la Banque Ottomane à s'intéresser à l'affaire de Bagdad demeurent ce qu'elles étaient à cette époque et sont encore renforcées par les circonstances actuelles.

La situation qu'elle occupe dans l'Empire Ottoman lui interdit sous peine de compromettre une réelle abnégation en faveur des Allemands, de demeurer étrangère à une entreprise aussi vaste que celle du Chemin de Fer de Bagdad et d'assister en spectatrice des atterrissements aux progrès toujours croissants.

En la faveur des Concessions ottomanes, la Deutsche Bank a noué avec le Gouvernement Ottoman des relations financières, souvent au préjudice de la Banque Ottomane, et cet état de choses ne pourrait que s'aggraver encore dans l'avenir.

Les nouveaux intérêts aient — et c'est là un point des plus importants — les lignes Françaises en Syrie. Un embranchement est, en effet, projeté sur la ville d'Alep, point terminus des Concessions Françaises.

Une entente peut amener d'heureux effets pour ces Concessions en permettant à nos Compagnies de leur incorporer l'embranchement en vue. Une abstention, qui laisserait aux Allemands toute liberté, tant pour les versements que pour les tarifs, pourrait avoir de graves inconvénients pour les entreprises Françaises en Syrie.

Le 16 Juin 1908.

22207)

No

Count de Salis to Mr. Edward Greg — (Received June 20)

(No. 280.)

Sir,

Berlin, June 19, 1908.

I HAVE the honour to transmit to you herewith the Annual Report on the Anatolian Railway, which has been confidentially supplied to me by Mr. Consul-General von Schwenbach, together with a short Memorandum calling attention to its most important features.

I have, &c.
Signed) J. DE SALIS.

Inclure 1 in No. 32.

Report on the Anatolian Railway Company for 1907.

MESSEIERS, — Nous avons l'honneur, en exécution de l'Article 24 des Statuts, de vous convoquer en Assemblée Générale Ordinaire, pour soumettre à votre examen et à votre approbation, les comptes de l'exercice qui a pris fin le 31 Décembre, 1907.

LESEIERS

La longueur exploitée est de 1,032 kilom., non compris les 200 kilom. de la première section du Chemin de Fer de Bagdad, dont votre Société a accepté provisoirement l'exploitation.

II. — PRODUITS KILOMETRIQUES

Les produits kilométriques de l'exercice 1907 se sont élevés :

Yagmur	47 fr. 80 c.
Konya à 0.41 fr. 54 c.	
Ada-Bazar, à 14.09 fr.	
(Voir Annexes)	

Le produit kilométrique par kilomètre pour la ligne Hamidié-Ada-Bazar est de 25 fr. 42 c. par kilomètre pour la ligne Hamidié-Ada-Bazar.

Ces chiffres se répartissent comme suit sur les différentes catégories de transports :—

a) Ligne Haidar-Pacha-Angora

Yagmur	47 fr. 80 c.
Konya à 0.41 fr. 54 c.	
Ada-Bazar, à 14.09 fr.	
Total	112 fr. 91 c.

b) Ligne Eski-Chéhir-Konya

Yagmur	47 fr. 80 c.
Konya à 0.41 fr. 54 c.	
Ada-Bazar, à 14.09 fr.	
Total	112 fr. 91 c.

c) Ligne Hamidié-Ada-Bazar

Yagmur	47 fr. 80 c.
Konya à 0.41 fr. 54 c.	
Ada-Bazar, à 14.09 fr.	
Total	112 fr. 91 c.

La ligne Haidar-Pacha-Angora à £ T. 280,441 ou 6,372,058 fr. 28 c.
La ligne Eski-Chéhir-Konya, à £ T. 136,000-48, ou 3,100,742 fr. 70 c.
La ligne Hamidié-Ada-Bazar à £ T. 5,012,48 ou 112,261 fr. 91 c.

c'est-à-dire, pour le réseau entier, à £ T. 422,358 96, ou 9,612,703 fr. 58 c., le franc est 440 poudres 07. (Voir Annexes F 1 II.)

L'exercice 1906, présent—

Yagmur	47 fr. 80 c.
Konya à 0.41 fr. 54 c.	
Ada-Bazar, à 14.09 fr.	
Total	112 fr. 91 c.

IV. — TRAFIC

Nous signalons pour cet exercice un accroissement considérable du mouvement des voyageurs, sur toute l'étendue du réseau.

En ce qui concerne la banlieue, il y a lieu de remarquer que les lignes directes avec les Plais de Princes, par voie de Maltepe, ont été reprises, et que bien que les aient laissé à désirer sous différents rapports, il en est quand même résulté une notable et bonne influence sur le trafic de la section de ligne Haidar-Pacha-Pondik, lequel accuse une augmentation de 230,727 voyageurs et de £ T. 3,700 de recettes.

Quant aux autres relations (lignes Haidar-Pacha-Angora, Eski-Chéhir-Konya, Hamidié-Ada-Bazar), l'augmentation totale du nombre des voyageurs est de 1,032,000, celle de la recette de £ T. 12,365.

En résumé, le nombre total des voyageurs transportés en plus durant l'exercice 1907 a été de 275,896, avec une plus-value de recettes de £ T. 16,015 8/11, qui se répartit comme suit :—

	1907	1906
Ligne Haidar-Pacha-Angora	171	171
Ligne Haidar-Pacha-Konya	104	104
Ligne Haidar-Pacha-Kahramanmaraş	1	1

Pour ce qui est du trafic des marchandises, celui-ci s'est ressenti du fait que la récolte des céréales, n'ayant pas bien réussi dans les contrées desservies par la ligne d'Angora, celle-ci en a transporté 11,150 tonnes de moins qu'en 1906, chiffre qui a été compensé par une augmentation correspondante à la différence des céréales des autres provenances.

Les transports de minerais de chrome souffrent encore de la situation très tendue du marché. Ils accusent cependant, avec un poids total de 10,450 tonnes, une augmentation de 1,890 tonnes sur l'exercice 1906.

De même, les diverses autres marchandises ont atteint le chiffre de 133,760 tonnes, contre 128,200 en 1906, et présentent ainsi une augmentation de 5,560 tonnes.

V. — DEPENSES D'EXPLOITATION

(a.) Les dépenses ordinaires d'exploitation de l'exercice 1907, y compris la quote-part du Bureau Central de Galata incombant au service de l'exploitation, se sont élevées à £ T. 195,958 27 (4,153 596 fr. 95 c.) en 1906, savoir :—

	1907	1906
Salaires et traitements	100,000	100,000
Matériel	50,000	50,000
Entretien	40,000	40,000
Énergie	5,958 27	5,958 27
Total	195,958 27	195,958 27

La répartition des dépenses d'exploitation provient principalement du renchérissement du charbon ainsi que des dépenses extraordinaires occasionnées par les grandes réparations du printemps 1907.

Pris dans leur ensemble, les chiffres des recettes et des dépenses affectées aux différentes lignes sont ressortis comme moyennes kilométriques générales :

	1907	1906
En recettes	44,000	44,000
En dépenses	44,000	44,000
Soit un produit kilométrique net de	0	0

Le coefficient des dépenses d'exploitation, pour l'ensemble du réseau, est de 51 830 pour cent, contre 45 055 pour cent en 1906.

(b.) Les dépenses extraordinaires d'exploitation à prélever également sur les produits de l'exercice, ascendent à la somme de £ T. 8,775 70.

(c.) En conformité de la Résolution de l'Assemblée Générale du 11 Juillet, 1898, et de la décision du Conseil d'Administration en date du 27 Août de la même année, il a été de nouveau prélevé, comme les années précédentes, sur les produits de l'exercice—

	£ T.
Produits de l'exercice	100,000
Produits de l'exercice précédent	100,000
Soit en tout	200,000
Moins déductions de ce montant la moins-value au 31 Décembre, de la Fonds de Renouvellement par rapport à	
an 31 Décembre, 1906	10,000
reste	190,000
soit la réserve restée sous la dénomination de "Fonds de Renouvellement" pour l'exercice de 1907	190,000

VI. — CREDIT DE TRAVAIL

Le Gouvernement Impérial avait à nous verser pour l'exploitation des lignes de chemin de fer :

Pour la ligne Haidar-Pacha-Angora	1,811
Pour la ligne Haidar-Pacha-Konya	1,811

Ces sommes nous ont été intégralement payées par l'Administration de la Dette Publique Ottomane, le 1^{er} février, 1908.

VII. — SERVICE DES TRAINS

Les trains ont parcouru 1,502,164 kilom., contre 1,501,795 kilom. en 1906, se répartissant comme suit :—

Ligne Haidar-Pacha-Angora	1,079,718 kilom.
Ligne Haidar-Pacha-Konya	422,446 kilom.
Ligne Haidar-Pacha-Kahramanmaraş	1,000 kilom.

VIII. — MATERIEL

Le matériel roulant est resté le même qu'en 1906.

IX. — TRAVAUX EXTRAORDINAIRES

Les crédits accordés pour travaux extraordinaires à exécuter dans le courant de l'exercice 1907, étaient fixés à £ T. 30,255 27 pra., somme sur laquelle il n'a été dépensé que £ T. 18,873 25 pra., certains travaux n'étant pas terminés ou restant encore à entreprendre.

Comme d'habitude, nous n'avons imputé au Compte Immeuble que la partie de ces dépenses qui concernent l'édification de constructions nouvelles.

Quant aux dépenses faites pour des améliorations ou pour le remplacement d'installations existantes, lesquelles s'élèvent à £ T. 8,775 70 pra., nous les avons provisionnées sur les produits d'exploitation, comme dépenses extraordinaires d'exploitation.

X. — RENSEIGNEMENTS GENERAUX

(a.) Chemin de Fer de Bagdad

L'exploitation de la première section du Chemin de Fer de Bagdad, a continué avec la même régularité, et les trains ont circulé avec ponctualité et sécurité.

(b.) Port de Haidar-Pacha

Les constructions entreprises par la Société du Port de Haidar-Pacha, dont il a été question dans notre Rapport précédent, ont été entièrement achevées, sauf le bâtiment de la nouvelle gare, à Haidar-Pacha, dont l'avancement est des plus satisfaisants.

Les silos, grenier, transbordeur, etc., ont donc pu être mis en temps utile à la disposition du commerce, qui en est très satisfait, car le tout fonctionne irréprochablement, avec un rendement de travail supérieur à celui prescrit.

(c.) Double Voie entre Haidar-Pacha et Pendik.

Une Convention conclue avec le Gouvernement Impérial Ottoman à la date du 4 Octobre, 1907, confie à notre Société la construction et l'exploitation de la double voie sur la ligne de banlieue de Haidar-Pacha à Pendik (25 kilom.)

(d.) Irrigation de la Plaine de Konia.

Suivant une autre Convention avec le Gouvernement Impérial Ottoman, datée du 20 Novembre, 1907, notre Société a été chargée d'exécuter, pour compte du Gouvernement, les travaux de construction et d'exploitation de la canalisation d'irrigation de la Plaine de Konia.

Notre Société avancera au Gouvernement les fonds nécessaires pour la réalisation de ces travaux, dont le coût est fixé à un maximum de 191 millions de francs, à raison de 1 franc par hectare, à raison de 1 franc par hectare.

Le Gouvernement Impérial Ottoman a accepté de verser à notre Société, à raison de 1 franc par hectare, la somme de 191 millions de francs, à raison de 1 franc par hectare.

La dette Publique Ottomane, sur les excédents des dianes affectés aux garanties kilométriques et au service des annuités de divers emprunts. Cette annuité a commencé à fonctionner à partir du jour de la signature de la dite Convention.

Le surplus obtenu dans le rendement des dianes des terres irriguées, comparé à la moyenne obtenue dans le cours des cinq dernières années précédant la conclusion de la Convention.

3. Le produit net des autres recettes encaissées du chef de l'exploitation de la canalisation.

Le produit de la vente des terrains desséchés et irrigués.

Pour l'exécution de ces travaux, notre Société a formé avec la maison Ph. Holzmann et Cie, de Francfort-sur-le-Main, une Société de construction sous la dénomination de Gesellschaft für die Bewässerung.

(e.) Caisse de Retraites.

L'assemblée générale extraordinaire du 31 Décembre 1907 a décidé de créer une caisse de retraites en faveur des employés de la Société.

Outre cette dotation, le fonds de la caisse de retraites est constitué en premier lieu par le transfert de l'avoir aux caisses de prévoyance et de subvention des agents entrés à la caisse de retraites, par les cotisations statutaires de ces derniers, à raison de 1 franc par an, par les versements statutaires de la Société, s'élevant à 1 franc par an.

Le droit à la pension—exemption faite des cas d'invalidité ou de décès survenus par suite d'accidents en service—commence à courir après dix ans de service, à raison de 30 pour cent du traitement, la pension s'accroît pour chaque année au delà de ces dix ans, de 1 1/2 pour cent, jusqu'à concurrence du maximum de 60 1/2 pour cent du traitement.

Si le traitement dépasse £ T. 300 par an, il ne sera tenu compte de l'excédent, ni pour le calcul des cotisations ni pour la fixation du montant de la pension.

ANNEXE I. — PARTIE FINANCIÈRE.

a.) Augmentation du Capital-Actions. — Conformément à la décision de l'assemblée générale ordinaire des actionnaires du 28 Juin, 1907, une entente est intervenue avec

le Gouvernement Impérial Ottoman pour le doublement du capital-actions nominal de notre Société.

L'acte Impérial a sanctionné la modification de l'Article 6 de nos Statuts, lequel est ainsi conçu :

“ Le fonds social est composé du capital à actions et après déterminé et des obligations à émettre selon le coût des travaux des lignes. Le capital à actions est fixé à 1,800,000 livres ou 36,720,000 marks ou 45,000,000 de fr. divisé en 90,000 actions de 20 livres ou 408 marks ou 500 fr. chacune.

“ Il pourra être augmenté jusqu'à concurrence de 135,000,000 de fr. par l'assemblée générale.”

et a été dûment enregistré dans le registre ad hoc du Notariat du Tribunal de Première Instance de Stamboul.

En vertu des pouvoirs à lui conférés par cette même assemblée générale, le Conseil d'Administration, dans sa séance du 28 Décembre, 1907, a accepté une proposition de la Deutsche Bank, de Berlin, comportant l'engagement pour celle-ci de prendre ferme, au pair, les 135,000 nouvelles actions à créer, d'effectuer un premier versement de 10 pour cent, et de bonifier à notre Société tout bénéfice au delà de 2 1/2 pour cent sur la valeur nominale des nouveaux titres, qu'elle viendrait à réaliser jusqu'au 10 Janvier, 1918, par leur vente éventuelle.

Les nouveaux titres figurent pour la première fois dans le bilan de notre Société arrêté au 31 Décembre, 1907.

(b.) L'amortissement des obligations s'est poursuivi en conformité du plan d'amortissement, et le capital en circulation au 31 Décembre, 1907, s'élevait à £ T. 1,811,000 fr., au lieu des 1,600,000,000 de fr. nominaux primitifs.

En exécution de la Résolution de l'assemblée générale du 28 Juin, 1907, et conformément aux Statuts, sept actions entièrement libérées et 127 actions partiellement libérées, pour un montant total net de 41,000 fr., ont été amorties et ont été payées.

Les 135,000 actions, représentant un montant nominal de £ T. 2,700,000 fr., étaient amorties.

(c.) L'amortissement de l'avance faite au Ministère de la Marine en date du 7 Juin, 1902, s'est poursuivi en conformité du contrat. Le montant nous restant dû au 31 Décembre, 1907, est de £ T. 141,534 81 ps.

(d.) Notre Société a accepté l'offre de la Deutsche Bank de lui ceder une participation de 75 pour cent dans l'avance de £ T. 300,000 que cet établissement a consenti au Gouvernement Impérial Ottoman à la date du 4 (17) Juin, 1907, avec intérêt annuel de 7 pour cent et remboursable, à partir du 4 (17) Janvier, 1908, en douze mensualités garanties par des traites sur l'Administration Générale des Contributions Indirectes.

Une entente ultérieure a reporté une partie de cette avance, soit £ T. 100,000, sur la part revenant au Gouvernement Impérial sur les excédents des Revenus Corrigés par l'Administration de la Dette Publique, et le délai de remboursement de l'avance a été prorogé jusqu'au mois de Juin 1909.

(e.) En conformité de la décision prise par le Conseil d'Administration dans sa séance du 20 Janvier, 1907, notre Société a cédé à la Banque des Chemins de Fer Orientaux, à Zurich, 6,000 actions de la Société du Port de Haidar-Pacha d'une valeur de £ T. 120,000 de fr., au cours de 112 pour cent.

Le bénéfice de l'exercice 1907, comprend le dividende pour l'exercice 1906 des actions de la Société du Port de Haidar-Pacha et des actions de la Société du Chemin de Fer de Bagdad.

Notre Conseil d'Administration n'a subi aucune modification au cours de l'exercice 1907.

Le 31 Décembre, 1907, avec ses annexes expose en détail la situation de notre Société à la fin du dix-neuvième exercice.

Le compte profits et pertes accuse un bénéfice net de 3,083,474 fr. 93 c. (y compris le report de l'exercice 1906), dont nous proposons l'emploi suivant (voir Annexe E) :—

1. ARITHMETIC
 2. ALGEBRA
 3. GEOMETRY
 4. TRIGONOMETRY
 5. CALCULUS
 6. STATISTICS
 7. PHYSICS
 8. CHEMISTRY
 9. BIOLOGY
 10. PSYCHOLOGY
 11. HISTORY
 12. LITERATURE
 13. LANGUAGE
 14. ARTS
 15. SCIENCE
 16. TECHNOLOGY
 17. ENVIRONMENT
 18. HEALTH
 19. SPORTS
 20. LEISURE
 21. RELIGION
 22. PHILOSOPHY
 23. ECONOMICS
 24. POLITICS
 25. SOCIAL SCIENCES
 26. LEGAL STUDIES
 27. MANAGEMENT
 28. COMPUTER SCIENCE
 29. ENGINEERING
 30. ARCHITECTURE
 31. DESIGN
 32. CREATIVITY
 33. INNOVATION
 34. ENTREPRENEURSHIP
 35. LEADERSHIP
 36. TEAMWORK
 37. COMMUNICATION
 38. PROBLEM SOLVING
 39. CRITICAL THINKING
 40. ANALYTICAL SKILLS
 41. CREATIVE THINKING
 42. EMOTIONAL INTELLIGENCE
 43. SELF-MANAGEMENT
 44. TIME MANAGEMENT
 45. STRESS MANAGEMENT
 46. WORK-LIFE BALANCE
 47. PROFESSIONAL DEVELOPMENT
 48. PERSONAL GROWTH
 49. CHARACTER BUILDING
 50. ETHICS
 51. VALUES
 52. MOORINGS
 53. RESILIENCE
 54. ADAPTABILITY
 55. AGILITY
 56. INFLUENCE
 57. NETWORKING
 58. COACHING
 59. MENTORING
 60. TEACHING
 61. LEARNING
 62. KNOWLEDGE
 63. SKILLS
 64. ATTITUDES
 65. BEHAVIORS
 66. EMOTIONS
 67. THOUGHTS
 68. FEELINGS
 69. OPINIONS
 70. VALUES
 71. PRINCIPLES
 72. CONCEPTS
 73. THEORIES
 74. MODELS
 75. FRAMEWORKS
 76. PARADIGMS
 77. PERSPECTIVES
 78. VIEWPOINTS
 79. OPINIONS
 80. THOUGHTS
 81. FEELINGS
 82. EMOTIONS
 83. ATTITUDES
 84. BEHAVIORS
 85. KNOWLEDGE
 86. SKILLS
 87. ABILITIES
 88. TALENTS
 89. POTENTIAL
 90. ACHIEVEMENT
 91. SUCCESS
 92. WELL-BEING
 93. FLOURISHING
 94. MEANING
 95. PURPOSE
 96. HOPE
 97. FAITH
 98. TRUST
 99. LOVE
 100. COMPASSION
 101. GRACE
 102. PEACE
 103. JOY
 104. CONTENTMENT
 105. SHANTHI
 106. BLISS
 107. ECSTASY
 108. TRANSCENDENCE
 109. ENLIGHTENMENT
 110. WISDOM
 111. KNOWLEDGE
 112. UNDERSTANDING
 113. CLARITY
 114. INSIGHT
 115. REALIZATION
 116. REVELATION
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[The page contains several faint, illegible handwritten notes and sketches, possibly related to mathematics or physics.]

• **How long it takes** to do a task is also a good measure of difficulty. For example, if a task takes 10 minutes to complete, it is more difficult than a task that takes 5 minutes to complete.

LETTERS TO THE EDITOR

Constitutionale. Mai 1908.

Ed. H. CUNNING. *Director Général*

Constantinople, le 1^{er} Mai, 1808.

NOMMES dans l'assemblée générale du 28 Juin, 1907, en qualité de Vérificateurs des Comptes de la Société du Chemin de Fer Ottoman d'Anatolie pour l'exercice 1907, nous déclarons par la présente que ces comptes ont été mis à la disposition dès le 16 Mars, année courante, conformément à l'Article 35 des Statuts

Nous avons l'honneur de vous confirmer que la vérification des chiffres à laquelle nous avons procédé nous a permis de constater la parfaite concordance du bilan et du compte profits et pertes avec les livres de la Société.

Veuillez, &
Signé) E. HANNI
F. FRÉLICH

A l'Assemblée Générale de la Société du Chemin
de Fer Ottoman d'Anatolie

PROPOSITION concernant la Répartition du Bénéfice de l'Exercice 1907

[illegible]

Annexe (F 1-11)

NOTICES STATISTIQUES.

1. RECETTES BRUTES TOTALES EN 1907

		Lira		Proportion			
		1906	1907	1906	1907	1906	1907
a) Haider-Pacha-Angara							
Voyageurs	..	2,854,051	79,648	100	100	100	100
Bagages et chiens	..	2,854,051	79,648	100	100	100	100
Marchandises (Grande Vitasse)	..	2,854,051	79,648	100	100	100	100
Marchandises (Petite Vitasse)	..	2,854,051	79,648	100	100	100	100
Recettes diverses	..	2,854,051	79,648	100	100	100	100
Totaux	..	2,854,051	79,648	100	100	100	100
b) Faki-Chehr-Angara							
Voyageurs	..	2,146,016	710,547	100	100	100	100
Bagages et chiens	..	2,146,016	710,547	100	100	100	100
Marchandises (Grande Vitasse)	..	2,146,016	710,547	100	100	100	100
Marchandises (Petite Vitasse)	..	2,146,016	710,547	100	100	100	100
Recettes diverses	..	2,146,016	710,547	100	100	100	100
Totaux	..	2,146,016	710,547	100	100	100	100
c) Hamidié-Ada-Angara							
Voyageurs	..	2,146,016	710,547	100	100	100	100
Bagages et chiens	..	2,146,016	710,547	100	100	100	100
Marchandises (Grande Vitasse)	..	2,146,016	710,547	100	100	100	100
Marchandises (Petite Vitasse)	..	2,146,016	710,547	100	100	100	100
Recettes diverses	..	2,146,016	710,547	100	100	100	100
Totaux	..	2,146,016	710,547	100	100	100	100

2. PRODUITS KILOMETRIQUES EN FRANCS

	a) Haider-Pacha-Angara		b) Faki-Chehr-Angara		c) Hamidié-Ada-Angara	
	1906	1907	1906	1907	1906	1907
Voyageurs	8,898 80	8,100 68	1,626 42	1,418 36	5,381 32	4,749 09
Bagages et chiens	125 37	111 68	27 43	22 44	241 01	190 69
Marchandises (Grande Vitasse)	7,004 92	6,627 88	5,327 69	4,714 72	9,078 85	8,331 47
Marchandises (Petite Vitasse)	7,004 92	6,627 88	5,327 69	4,714 72	9,078 85	8,331 47
Totaux	11,037 08	12,140 00	6,981 84	6,156 12	14,498 84	14,271 45

2. MOUVEMENT ET PRODUITS DU SERVICE DES VOYAGEURS.

a) Haider-Pacha-Angara

	Nombre des Voyageurs			Produits en Lirastrac		
	1906	1907	1906	1907	1906	1907
Voyageurs	2,854,051	79,648	100	100	100	100
Bagages et chiens	2,854,051	79,648	100	100	100	100
Marchandises (Grande Vitasse)	2,854,051	79,648	100	100	100	100
Marchandises (Petite Vitasse)	2,854,051	79,648	100	100	100	100
Recettes diverses	2,854,051	79,648	100	100	100	100
Totaux	2,854,051	79,648	100	100	100	100
b) Faki-Chehr-Angara						
Voyageurs	2,146,016	710,547	100	100	100	100
Bagages et chiens	2,146,016	710,547	100	100	100	100
Marchandises (Grande Vitasse)	2,146,016	710,547	100	100	100	100
Marchandises (Petite Vitasse)	2,146,016	710,547	100	100	100	100
Recettes diverses	2,146,016	710,547	100	100	100	100
Totaux	2,146,016	710,547	100	100	100	100
c) Hamidié-Ada-Angara						
Voyageurs	2,146,016	710,547	100	100	100	100
Bagages et chiens	2,146,016	710,547	100	100	100	100
Marchandises (Grande Vitasse)	2,146,016	710,547	100	100	100	100
Marchandises (Petite Vitasse)	2,146,016	710,547	100	100	100	100
Recettes diverses	2,146,016	710,547	100	100	100	100
Totaux	2,146,016	710,547	100	100	100	100

b) Faki-Chehr-Angara

Voyageurs	215	207	+	8	100	100
Bagages et chiens	8,898	7,585	+	1,313	100	100
Marchandises (Grande Vitasse)	100,872	88,904	+	11,968	100	100
Marchandises (Petite Vitasse)	81,918	25,832	+	5,686	100	100
Recettes diverses	141,483	122,226	+	19,257	100	100
Totaux	141,483	122,226	+	19,257	100	100

c) Hamidié-Ada-Angara

Voyageurs	183	210	-	27	100	100
Bagages et chiens	9,598	8,557	+	1,041	100	100
Marchandises (Grande Vitasse)	15,391	51,005	+	35,614	100	100
Marchandises (Petite Vitasse)	5,786	5,281	+	505	100	100
Recettes diverses	65,093	5,466	+	59,627	100	100
Totaux	65,093	5,466	+	59,627	100	100

4 Mouvement des Voyageurs par Kilomètre.

(a) Hindar-Pacha-Angora

	Nombre des voyageurs	Voyageurs kilométriques	Parcours moyen par voyageur par kilomètre	Nombre voyageurs par kilomètre	Recettes en Piastres et		
					Par voyageur	Par voyageur à 1 kilomètre	Par kilomètre
Maille de la route							
Hindar-Pacha-Pendik	1907	10,004,482	6,021.9	70.1	1.78	0.178	114,316.36
	1906	9,000,000	5,000.0	60.0	1.60	0.160	100,000.00
Autres relations	1907	44,420,000	2,865.0	40.0	1.00	0.100	12,036.42
	1906	38,000,000	2,400.0	30.0	0.80	0.080	10,597.34
Totaux	1907	14,424,482	8,886.9	110.1	2.78	0.278	16,581.93
	1906	12,700,000	7,400.0	90.0	2.40	0.240	14,297.34
1907 1906		+ 7,699,328	+ 1,486.9	+ 20.1	+ 0.38	+ 0.038	+ 2,284.59

(b) Eski-Shehr-Angora

1907	4,000,000	42,658	134.9	317	22,319	0.071	7,500.00
1906	3,000,000	33,858	123.5	274	22,690	0.083	6,223.02
1907 1906		+ 1,000,000	+ 11.4	+ 43	- 371	- 0.012	+ 876.98

(c) Hamid-Ada-Bazar

1907	638,631	70,959	9.0	884	2,811	0.322	2,633.77
1906	585,637	65,191	8.0	827	2,800	0.338	2,130.30
1907 1906		+ 52,994	+ 1.0	+ 57	+ 11	- 0.016	+ 1,503.47

5 Mouvement des Voyageurs sur la Banlieue (25 Kilomètres)

	1907	1906	1905	1904	1903	1902	1901	1900
NOMBRE DES VOYAGEURS	2,100,000	1,800,000	1,600,000	1,400,000	1,200,000	1,000,000	800,000	600,000
PAR KILOMÈTRE	84.0	72.0	64.0	56.0	48.0	40.0	32.0	24.0
REVENUS	1,000,000	800,000	600,000	400,000	200,000	100,000	50,000	25,000
DIFFÉRENCE EN 1907 SUR...								
1907 1906								
1906 1905								
1905 1904								
1904 1903								
1903 1902								
1902 1901								
1901 1900								

7. Quantités et Proportions des Trois Ports Types de Grand et Petite Vitesse

(a.) *Haider-Pacho-Angora*

[illegible]

12. *Ἰσκι Ἐνέλιρ Ἀσπιο*

(c.) *Hamidié-Ada-Nazar*

Nature des Transports	Produits en tonnes de marchandises				Produits en millions de francs	
	1900	1906	1907	1908	1906	1907-1908
Grande Vitesse						
Munitions	117	34	7	24 301	1 015 80	1 126 00
Bois (marchés de l'étranger)	36	43	1	2 323	25	2 +
Matières premières	55	7	4	4	43	7 74
Matières premières	55	1 115	78	22 415	25 34	13 3 00
Trains de marchandises (Grande Vitesse)	5		4	3 000	1 5	3 3
Voyageurs	3	20	20	20 000	343 25	1 125
Voyageurs en 1re classe						
Voyageurs en 2e classe						
Voyageurs en 3e classe						
Voyageurs en 4e classe						
Voyageurs en 5e classe						
Voyageurs en 6e classe						
Voyageurs en 7e classe						
Voyageurs en 8e classe						
Voyageurs en 9e classe						
Voyageurs en 10e classe						
Total de la Grande Vitesse	210	1 144	132	24 420	35 8 2	3 2 4 30
Petite Vitesse						
Munitions	2 424	1 882	344	32 8 1 20	13 294 51	634 99
Bois (marchés de l'étranger)	34	30	52	7 00	1 3	2 4 15
Matières premières	533	284	251	4 73	7 +	2 8 11
Matières premières	30	20 075	122	2 220 2	299 229	3 264 61
Trains de marchandises (Petite Vitesse)	34		30			
Voyageurs		4	5		3 0	3 00
Voyageurs en 1re classe						
Voyageurs en 2e classe						
Voyageurs en 3e classe						
Voyageurs en 4e classe						
Voyageurs en 5e classe						
Voyageurs en 6e classe						
Voyageurs en 7e classe						
Voyageurs en 8e classe						
Voyageurs en 9e classe						
Voyageurs en 10e classe						
Total de la Petite Vitesse	3 411	20 077	321	32 8 4 20	32 8 2	7 2 4 32
Total général	54 521	21 221	453	57 204 40	68 704	10 264 62

Grande Tabela		Pequena Tabela				Tabela de Detalhes		Tabela de Totais	
Item	Valor	Item	Valor	Item	Valor	Item	Valor	Item	Valor
1. Material	100,00	1. Material	100,00	1. Material	100,00	1. Material	100,00	1. Material	100,00
2. Mão de obra	200,00	2. Mão de obra	200,00	2. Mão de obra	200,00	2. Mão de obra	200,00	2. Mão de obra	200,00
3. Energia elétrica	50,00	3. Energia elétrica	50,00	3. Energia elétrica	50,00	3. Energia elétrica	50,00	3. Energia elétrica	50,00
4. Água e gás	30,00	4. Água e gás	30,00	4. Água e gás	30,00	4. Água e gás	30,00	4. Água e gás	30,00
5. Manutenção	20,00	5. Manutenção	20,00	5. Manutenção	20,00	5. Manutenção	20,00	5. Manutenção	20,00
6. Outros	10,00	6. Outros	10,00	6. Outros	10,00	6. Outros	10,00	6. Outros	10,00
Total	610,00	Total	610,00	Total	610,00	Total	610,00	Total	610,00

(a.) Haidar-Pacha-Angora.

(b) Isaac Newton

1. The first is the *Journal of the American Medical Association* (JAMA), which is the largest and most influential of the medical journals. It is published weekly and covers a wide range of topics in medicine, including clinical research, public health, and medical education. JAMA is known for its high standards of scientific rigor and its commitment to providing accurate and reliable information to the medical community.

	1907	1906	% change
Total 1907	821,203	822,693	-0.18%
1906	822,693		
1907 contra 1906	94H		

$$D(\mathcal{V}_T, \mathcal{E}_T) = \{t_1, \dots, t_n\} \cup \{v_1, \dots, v_n\} \cup \{r_1, \dots, r_n\}.$$
[illegible]

[illegible]

A SERVICE des Trans.

Parcours des trains et Horaires Kilométriques.

Trans des voyageurs ..		Trans des marchandises ..	
1	1	1	1
2	2	2	2
3	3	3	3
4	4	4	4
5	5	5	5
6	6	6	6
7	7	7	7
8	8	8	8
9	9	9	9
10	10	10	10
11	11	11	11
12	12	12	12
13	13	13	13
14	14	14	14
15	15	15	15
16	16	16	16
17	17	17	17
18	18	18	18
19	19	19	19
20	20	20	20
21	21	21	21
22	22	22	22
23	23	23	23
24	24	24	24
25	25	25	25
26	26	26	26
27	27	27	27
28	28	28	28
29	29	29	29
30	30	30	30
31	31	31	31
32	32	32	32
33	33	33	33
34	34	34	34
35	35	35	35
36	36	36	36
37	37	37	37
38	38	38	38
39	39	39	39
40	40	40	40
41	41	41	41
42	42	42	42
43	43	43	43
44	44	44	44
45	45	45	45
46	46	46	46
47	47	47	47
48	48	48	48
49	49	49	49
50	50	50	50
51	51	51	51
52	52	52	52
53	53	53	53
54	54	54	54
55	55	55	55
56	56	56	56
57	57	57	57
58	58	58	58
59	59	59	59
60	60	60	60
61	61	61	61
62	62	62	62
63	63	63	63
64	64	64	64
65	65	65	65
66	66	66	66
67	67	67	67
68	68	68	68
69	69	69	69
70	70	70	70
71	71	71	71
72	72	72	72
73	73	73	73
74	74	74	74
75	75	75	75
76	76	76	76
77	77	77	77
78	78	78	78
79	79	79	79
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81	81	81	81
82	82	82	82
83	83	83	83
84	84	84	84
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86	86	86	86
87	87	87	87
88	88	88	88
89	89	89	89
90	90	90	90
91	91	91	91
92	92	92	92
93	93	93	93
94	94	94	94
95	95	95	95
96	96	96	96
97	97	97	97
98	98	98	98
99	99	99	99
100	100	100	100

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(a.) *Hinder-Pach*, 17, 2

	Trucks	Locomotives
Trains des voyageurs	4 000	4 000
de marchandises	14 000	14 000
spéciaux	7 000	7 000
de transport	1 000	1 000
de transportement	1 000	1 000
Total	27 000	27 000

(b) *Baki-Chelur-Kona*

QUESTION		ANSWER	REMARKS
1	What is the value of x if $2x + 3 = 7$?	$x = 2$	
2	Find the area of a rectangle with length 5 and width 3.	Area = 15	
3	Solve for y in the equation $4y - 1 = 9$.	$y = 2.5$	
4	What is the perimeter of a square with side length 6?	Perimeter = 24	
5	Calculate the average of 12, 15, and 18.	Average = 15	

(o.) Hamid-e-Iddat Ba.

	Train	Passenger
Train mixte	k	k
de marchandises	21	21
T de		

Inclosure 2 n. No 32

Memorandum on the Nineteenth Report of the Anatolian Railway, January 1 to December 31, 1907

1. Line Open to Traffic.—Similar to last year
2. Receipts per mile

	1906	1907	%
Mileage open to traffic	1,000	1,000	100
Receipts per mile	1,000	1,000	100
Hamidie-Ada-Bazar branch	1,000	1,000	100

3. Gross Receipts

	1906	1907	%
Mileage open to traffic	1,000	1,000	100
Gross receipts per mile	1,000	1,000	100
Hamidie-Ada-Bazar branch	1,000	1,000	100
Total	1,000	1,000	100

Thus the gross receipts again were the same as last year, when it amounted to 1,000.

	1906	1907	%
Mileage open to traffic	1,000	1,000	100
Gross receipts per mile	1,000	1,000	100
Hamidie-Ada-Bazar branch	1,000	1,000	100
Total	1,000	1,000	100

5. Gross Receipts per mile

	1906	1907	%
Mileage open to traffic	1,000	1,000	100
Gross receipts per mile	1,000	1,000	100
Hamidie-Ada-Bazar branch	1,000	1,000	100
Total	1,000	1,000	100

The working expenses amounted to 51 per cent. of the receipts, as against 45 per cent. last year.

6. Kilometer Guarantee

	1906	1907	%
Mileage open to traffic	1,000	1,000	100
Kilometer guarantee	1,000	1,000	100
Hamidie-Ada-Bazar branch	1,000	1,000	100
Total	1,000	1,000	100

7. No addition was made to the rolling stock during the year.
8. The total train mileage in 1907 was almost exactly the same as in 1906.
9. Extraordinary Expenditure.—£ T. 30,255.27 were granted under this head in 1907, but only £ T. 18,876.25 were expended.
10. The harbour works at Haidar-Pasha have been completed during the past year, with the exception of the railway station, which, however, is in process of construction.
11. An Agreement was concluded on the 26th October last, by which the Company have secured the right to construct and double their line on the suburban line between Haidar-Pasha and Pendik (25 kilom.).
12. On the 23rd November last an Agreement was signed with the Imperial Ottoman Government, granting to the Company a Concession for the drainage of Lake Karavisan and the irrigation of the Plain of Konia. The works are to be undertaken on behalf of the Government, and to be completed within six years.
13. 1,500,000 fr. have been devoted to a special reserve fund to be devoted to pensioning officials of the Company.
14. An Agreement has been arrived at with the Imperial Ottoman Government in regard to doubling the nominal share capital of the Company. The Deutsche Bank have offered to take over 135,000 shares (the statutory amount to which the capital may be increased) at par.
15. On the 17th June last the Company received from the Imperial Ottoman Government 75 per cent. of the £ T. 300,000 advanced to the latter by the Deutsche Bank. This advance bears interest at 7 per cent., and was repayable on the 17th January, 1908.
16. The available surplus from Profit and Loss Account for 1907 was £ T. 1,111,111.11, and was divided as follows:—

	1906	1907	%
Regular reserve fund	1,000	1,000	100
Dividend	1,000	1,000	100
Hamidie-Ada-Bazar branch	1,000	1,000	100
Total	1,000	1,000	100

[22208]

No. 33

Count de Salis to Sir Edward Grey.—(Received June 21)

(No. 281.)
Sir,

Berlin, June 21, 1908.

I HAVE the honour to transmit to you herewith the Annual Report on the Bagdad Railway which has been confidentially supplied to me by Mr. Consul-General von Schwabach, together with a short Memorandum calling attention to its most important features.

I have, &c.
(Signed) J. de SALIS.

Enclosure 1 in No. 33

Report for 1907 of the Bagdad Railway

MESSIEURS, — Nous avons l'honneur, en exécution de l'Article 31 des Statuts, de vous convoquer en assemblée générale ordinaire, pour soumettre à votre approbation, les comptes de l'exercice qui a pris fin le 31 Décembre 1907.

1. Réseau Exploité

La longueur du réseau en exploitation est de 200 kilom.

2. Recettes Brutes

Les recettes brutes totales se sont élevées à £ T. 15,438 10 p. s., ou à 350,888 fr. 57 c. (le franc compté à raison de 4 p. s. or 40 p.), qui se répartissent comme suit : —

Voyageurs	£ 10,000 00
Bagages et marchandises	£ 5,000 00
Maintenance et autres	£ 400 00

La recette kilométrique de l'exercice ascende ainsi à 1,754 fr. 44 c. l'ent.

Voyageurs	£ 10,000 00
Bagages et marchandises	£ 5,000 00
Maintenance et autres	£ 400 00

3. Trafic

Il a été transporté 37,145 voyageurs, contre 31,220 en 1906, d'où une augmentation de 7,518 voyageurs, dont 5,204 en trafic international et 2,312 dans les relations avec les lignes d'Anatolie.

La récolte des cotons alimentant la filature, ayant été meilleure qu'en 1906, les transports de marchandises se sont élevés à 13,000 tonnes, contre 12,000 tonnes en 1906, et présentent ainsi une augmentation de 1,000 tonnes.

Les trains ont parcouru 171,507 kilom.

Le parcours des voitures et wagons représente 1,000,000 kilomètres.

4. Garantie Kilométrique

Le Gouvernement Impérial avait à nous payer, pour parfaire le chiffre de la garantie kilométrique, 516,120 fr. 77 c. montant qui nous a été intégralement versé par l'Administration de la Dette Publique Ottomane, le 5 Février, 1908.

5. Matériel Roulant

Notre parc est resté le même qu'en 1906.

Notre Conseil d'Administration a subi les modifications suivantes en 1907

Le Conseil d'Administration de la Société Impériale Ottomane à Paris étant, à notre sincère regret, décédé le 14 Janvier 1907, le Conseil a nommé en son lieu et place, dans sa séance du 15 Janvier 1907, M. le Baron de Neuhof, Régent de la Banque de France et Administrateur de la Banque Impériale Ottomane à Paris, dont l'élection a été sanctionnée par l'Assemblée générale du 29 Juin, 1907.

Le bilan au 31 Décembre, 1907, ci-annexé, expose en détail la situation de notre Société à la fin du cinquième exercice.

Le compte profits et pertes accuse un bénéfice net de 730,081 fr. 28 c., dont nous proposons l'emploi suivant (voir Annexe (D)) : —

	Fr.	c.
Prélèvement en faveur du "Fonds de Prévoyance pour Maintien de la Société"	100,000	00
Dividende à 5 pour cent	36,504	16
Sur fonds de réserve statutaire	7,000	00
Sur bénéfices	56,577	12
Total	199,081	28

Pour le Conseil d'Administration de la Société Impériale Ottomane du Chemin de Fer de Bagdad :

Président,
(Signé) ARTHUR GWINNER.
Délégué,
(Signé) ED. HUGUENIN

Bureau - Constantinople, Mai 1908.

Annexe (A).

BILAN au 31 Décembre, 1907

ACTIF				PASSIF			
	Fr.	c.	LT. pr.		Fr.	c.	LT. pr.
(apport-actions versements non appelés) — 50 pour cent de nom. 18,000,000 fr.	9,000,000	00	00	18,000,000 fr. divisé en 30,000 actions de 600 fr. chacune	18,000,000	00	00
Prémium d'émission	2,542,541	02	80	Subvention reçue par le Gouvernement			
Intérêt sur	498,728	51	06	Capital pour la 1 ^{re} section, 58,000,000			
Autres				Vins 415 ob. actions amorties, 222,340 fr.			
Total	12,041,269	53	86				
				Le dividende, LT 6,598 71 pr.	149,87		
				Fonds de prévoyance pour maintenir le dividende à ..	820,000		
				à pour rest, LT 37,400			
				Revenu spécial, LT 162,628 68 pr.			
				Revenu pour prime de change, LT 2,016 39 pr.			
				Dividende net pour ..			
				Total	12,041,269	53	86

L'Administrateur Délégué
(Signé) ED. HUGUENIN.

Constantinople, Mai 1908

* Les livres de la Société sont tenus exclusivement en livres Turques, les chiffres en francs n'y sont ajoutés que pour l'éclaircissement des comptes.

Annexe (B).

COMPTE Profits et Pertes au 31 Décembre 1907

ACTIF				PASSIF			
	Fr.	c.	LT. pr.		Fr.	c.	LT. pr.
Frais d'administration	100,114	00	4,406 01	Report de l'exercice 1906	137,838		
Bénéfices nets de l'année 1907	780,081	25	23,126 84	Intérêts réalisés sur les fonds de la Société	841,781	71	28,827 07
				Différence	137,018	24	4,102 81
				Revenus			
				Revenus			
				Revenus			
Total	880,195	25	27,532 85	Total	880,195	25	27,532 85

L'Administrateur Délégué
(Signé) ED. HUGUENIN

Constantinople, Mai 1908

* Les livres de la Société sont tenus exclusivement en livres Turques, les chiffres en francs n'y sont ajoutés que pour l'éclaircissement des comptes.

Annexe (C).

Messieurs,

Constantinople, le 30 Avril, 1908.

Nommé dans l'assemblée générale du 29 Juin, 1907, en qualité de Commissaire-Vérificateur des Comptes de la Société Impériale Ottomane du Chemin de Fer de Bagdad pour l'exercice 1907, je déclare par la présente que ces comptes ont été mis à ma disposition dès le 21 Mars année courante, conformément à l'Article 35 des Statuts.

J'ai l'honneur de vous informer qu'en l'absence de mon collègue, M. Fr. Neef, et d'accord avec lui, j'ai procédé seul à la vérification du bilan et du compte profits et pertes et que j'en ai constaté la parfaite concordance avec les livres de la Société.

Je suis, &c
(Signé) E. HANNI.

A l'Assemblée Générale de la Société
Impériale Ottomane du Chemin
de Fer de Bagdad

Annexe (D).

PROPOSITION concernant la Répartition du Bénéfice de l'Exercice 1907

	1906	1907	Différence
Bénéfice net suivant bilan	750,000	750,000	0
Moins : Report de l'exercice 1906	100,000	100,000	0
Bénéfice net disponible	650,000	650,000	0
Provision pour dépréciation des matériels	100,000	100,000	0
Provision pour dépréciation des constructions	100,000	100,000	0
10 pour cent à la réserve statutaire	65,000	65,000	0
5 pour cent d'intérêt sur le capital-actions versé	32,500	32,500	0
Plus : Report de l'exercice 1906	100,000	100,000	0
Saldo à reporter à nouveau	100,000	100,000	0

Inclosure 2 in No. 33.

Memorandum on the Fifth Report of the Bagdad Railway,
January 1 to December 31, 1907

1. Line open to Traffic.—125 miles; the same as during last year.
2. Gross Receipts.—

	1906	1907	Increase
Gross Receipts	£ 1,000,000	£ 1,000,000	0
Receipts per mile—			
1906	£ 8,000	£ 8,000	0
1907	£ 8,000	£ 8,000	0

3. Traffic.—An increase of 7,516 passengers travelling over the line has been shown over 1906, 5,204 of these were passengers on the Bagdad Railway, and 2,312 passing to the Anatolian lines.

An increase of 9,950 tons of freight is shown over that carried over the line in 1906. This is to be attributed to the more favourable harvest in 1907 to that of 1906.

An increased train mileage of 530 miles is reported.

4. Kilometric Guarantee.—

1906	1907	Increase
£ 1,000,000	£ 1,000,000	0

5. The rolling-stock remains the same as in 1906.

Changes in the Directorate.—M. Adolphe Verne, Administrator of the Imperial Ottoman Bank in Paris, died on the 14th January, 1907, and his place in the Directorate was taken by Mr. de ...

6. The Imperial Ottoman Bank at Paris.

7. The net available surplus from profit and loss account amounted to 29,203l against 25,804l last year.

It is proposed to employ the sum in the following manner:—

1906	1907	Increase
£ 1,000,000	£ 1,000,000	0
£ 1,000,000	£ 1,000,000	0
£ 1,000,000	£ 1,000,000	0

235031

N 34

Memorandum respecting the Bagdad Railway.

ON the occasion of the German Emperor's visit to Windsor last November the subject of the Bagdad Railway came under discussion.

Mr. Haldane, who discussed the subject with His Majesty at two separate audiences, handed to His Majesty a Memorandum of a private conversation with Sir E. Grey, intimating that His Majesty's Government could not discuss the question with Germany alone, but only together with France and Russia, whose interests were also involved.

The Emperor at first expressed doubt as to whether discussion à quatre was practicable, but, after learning from his Foreign Secretary that certain pourparlers with Russia had already taken place he modified this view, and in the second interview with Mr. Haldane, which was in the early morning of the 15th November, he stated that he did not anticipate any difficulty. At this interview Herr von Schoen and Count Metternich were both present.

As a result, after a long discussion, the Emperor said that he cordially concurred in the Memorandum, which had been handed to him as a basis on which to proceed, that the understanding was complete, and that he would like to get on as quickly as possible. He was very hopeful that good business would come to all the four Powers.

the initiative by making a proposal from Germany.

However, Count Metternich's attitude, which had at first been greatly modified, he observed that there should be no discussion on a quatre, and it was both legal and natural that His Majesty's Government should wish to proceed in full consultation with France and Russia.

On the 14th November Herr von Schoen called at the Foreign Office and saw Sir E. Grey. He expressed great satisfaction at the prospect of now coming to an

agreement with His Majesty's Government about the Bagdad Railway, and recognized their desire to have a gate at the Persian Gulf end. He recognized that the Memorandum communicated by Mr. Haldane formed a practicable basis for discussion.

Sir E. Grey assumed that His Majesty's Government should wait till they heard from the German Government. Herr von Schoen said he must consult M. Isvolsky to see whether full discussion between the four Powers might not be begun without further carrying discussion with Russia a stage further.

On the 23rd June Count Metternich called at the Foreign Office, and, in the course of conversation with Sir C. Hardinge, stated that his Government had renounced the idea of summoning a Conference *à quatre* at Berlin. The Ambassador himself had strongly opposed such an arrangement, and he had not at all approved of what had taken place at Windsor, on the ground that such a Conference as that

between Germany and the three other Powers. It was therefore no longer proposed to have such a Conference, but Germany would always be ready to discuss with His Majesty's Government the question of a terminus on the Persian Gulf.

Foreign Office, July 3, 1908.

[23093]

No. 35.

Count de Salis to Sir Edward Grey.—(Received July 6.)

(No. 250)

Sir,

Berlin, June 30, 1908.

I HAVE the honour to report that the general meeting of the Bagdad Railway Company, Deutsche Bank. The Annual Report of the Directors, which I had the honour to transmit to you in my despatch No. 231 of the 20th instant, was accepted.

It was decided to divide the net profit of 730,081 fr. in the following manner:—

5 per cent. dividends on capital shares
Reserve reserve
"Fonds de Provenance"
Balance carried forward

The meeting approved the recently concluded arrangement with the Imperial Ottoman Government, by which the continuation of the line for 310 kilom. to Hah in Upper Mesopotamia has been financially secured. The Chairman announced that thirty German engineers of the firm of Philipp Holzmann and Co. had been charged with the drafting of plans for the construction of the new section of the line. These

until the summer of 1909 at the earliest.

I have, &c.
(Signed) J. DE SALIS

[22501]

No. 36.

Sir Edward Grey to Count de Salis.

(No. 176. Secret.)

Sir,

Foreign Office, July 13, 1908.

THE German Ambassador called at the Foreign Office on the 25th ultimo, and, in the course of a conversation with Sir C. Hardinge on Anglo-German relations, he quoted the Bagdad Railway as one of the questions open for settlement in which a friendly attitude might be shown by His Majesty's Government.

Sir C. Hardinge replied that, after the friendly discussions which had taken place last autumn both at Windsor and in London, His Majesty's Government were waiting for the initiative of the German Government, since it had then been decided by Herr von Schoen, apparently with the Emperor's approval, that, after certain discussions with the Russian Government had been concluded, a "Conference *à quatre*" should be summoned at Berlin, when a scheme of co-operation should be discussed; for this step His Majesty's Government were still anxiously waiting.

Count Metternich said that his Government had renounced the idea of summoning such a Conference, and, in reply to a further inquiry, he said that he himself had strongly opposed any such arrangement; that he had not at all approved what had taken place at Windsor, and that he had given as his reason that such a Conference was foredoomed to failure, and would only serve to accentuate the difference between Germany and the three other Powers, since Germany would always be in a minority of one to three. It was therefore no longer proposed to have such a Conference, but Germany would always be ready to discuss with His Majesty's Government the question of a terminus on the Persian Gulf.

I am, &c.
(Signed) E. GREY.

[25913]

No. 37.

Mr. G. Barclay to Sir Edward Grey.—(Received July 27.)

(No. 409.)

Sir,

Constantinople, July 22, 1908.

I HAVE the honour to forward herewith an extract of a despatch from His Majesty's Vice-Consul at Konia with regard to the Bagdad Railway.

I have, &c.
(Signed) G. BARCLAY

Inclosure in No. 37.

Vice-Consul Doughty Wythe to Mr. G. Barclay.

(Extract.)

Konia, July 1, 1908.

Bagdad Railway.—The forward construction contract has again been undertaken by M. ... The Second Engineer, Mr. Mavrogordato, and a survey staff are leaving Konia for Adana, whence they will survey an alternative railway route by the Kharkun River. This route would take the railway northward to the district of Nigde before the eastward turn was made. It is not, however, considered probable that the carefully surveyed route by Ulu Kyabla, Bozanti, and the Chakut Su will be abandoned. The Kharkun is to be visited in deference to local Turkish opinion, which declared it to be the easier way. But a general gradient so desirable for a railway is not very well understood by non professional people accustomed to think in horses and horses.

I learn various details of the proposed Bozanti route from the construction Company, the probable crossings and tunnels, &c., but I doubt whether they are of any general interest, and they are liable to be changed. The most difficult part appears to be the gorge of the Chakut Su, which will have to be tunnelled; but from there to Adana the gradient is regular. There is also a difficult piece from near Torosok Han to below Chusto Han, which it is said will involve a tunnel 3 kilom. long. In all the number of tunnels is likely to be very large. The existing cart-road is to be remade in places, in order to avoid too many level crossings.

It is not likely that much work other than the Kharkun survey and the erection of engineers' houses near the Chakut Su will be carried through from the Boulgourlou end before the winter. Adana should be able to do more. I hear that the original plan included a line from Adana to Castabel, where a natural harbour exists, then by the coast to a few miles north of Alexandretta, whence the Beylan Pass can easily be climbed and crossed by a tunnel. This plan was changed by the personal wish of the Sultan, who held that such a line could be interrupted from the sea; whereas a Bagdad-Syrian Railway, Adana to Kütahya, was safer from attack. From this change resulted the buying by the Bagdad Company of the shares of the Mersina Railway, and a survey of Mersina Harbour. The necessary works at Mersina will be so costly that I cannot ... the port. For trade and ... large part of the export from ... as Bay. It is said that, with a view to the owner ... to Castabel is projected, which, according to the ... way. Apart from this somewhat indefinite date, it does not seem likely that this subsidiary line once made will be found so useful and profitable, that it will seem a pity to destroy it, even if the policy which

now objects to it should not at that distant time be changed. There remains as an argument for either not making it or destroying it when once made the purchase of the Mersina Railway shares. They are worth but little now and would lose even that little by the construction of a railway to Castabul. It is, however, remarkable how little land on the sea front of Mersina is as yet known to be in the hands of the Railway Company.

[25928]

No. 38.

Count de Salis to Sir Edward Grey.—(Received July 27.)(No. 328.)
Sir,

Berlin, July 24, 1908.

IN course of conversation this evening Herr von Schön remarked that there was an outstanding matter between the United Kingdom and Germany in connection with which, unlike the Macedonian reforms to which we had just alluded, the material interests of both countries were deeply involved. He alluded to the Bagdad Railway. He considered that the relations between the two Courts were at present good, as well as between the two Governments. There was, however, a certain tension of public opinion, and there was danger that this feeling would not subside as long as questions like this remained unsettled. He had not been able to agree to the proposal that there should be a discussion *à quatre*. This would expose Germany to the certainty of being in a hopeless minority. In view of the importance of their interests this was impossible. He wished to say, however, that he quite understood our anxiety at the idea of a railway being brought down by another Power to the Persian Gulf, which was the "avant-port des Indes," and was prepared to take due account of it. For his own part he was convinced that the matter was one which could be arranged.

I answered that His Majesty's Government had made great efforts of late years in the pursuit of the policy of removing causes of friction with other Powers. But I could not, of course, express an opinion offhand as to how far you might find it possible to discuss the matter in such a way. Besides, before proposing the Conference *à quatre* you had presumably exchanged views with other Powers, towards whom due loyalty would have to be observed.

Herr von Schön again rejoined that he was convinced that the matter was one that could be arranged. It was desirable that a cause of possible misunderstanding should be removed.

I have, &c.
(Signed) J. DE SALIS.

[25930]

No. 39.

Count de Salis to Sir Edward Grey.—(Received July 27.)(No. 328.)
Sir,

Berlin, July 25, 1908.

I HAVE the honour to report that the "National Zeitung" publishes the following letter from its correspondent at Konia with regard to the Bagdad Railway:—

"On Friday last, the 10th July, large numbers of the inhabitants of Konia came to the station to welcome the advent of the German railway constructors. At the head of these was Engineer Ernst Mackensen. In his company were the Engineers Habich and Winkler and the Geologist Professor Hoyer. Herr Mackensen, who is well known in the district, received a warm welcome from the inhabitants, which testified to the affectionate sentiments with which Germany is regarded in the district. Their enthusiasm was also aroused by the fact that great poverty is prevalent in the district, and the hope is entertained that this may be relieved by the employment which will be obtained on the railway.

"Herr Mackensen's party is not the first to arrive in Asia Minor in connection with the new railway. A week ago a number of engineers passed through Konia on their way to Ereğli, and, at the same time as Herr Mackensen arrived at Konia,

twenty-six German engineers travelled, via Mersina and Adana, to the country which is to be surveyed.

"Herr Mackensen and the gentlemen accompanying him visited the Vali on the day subsequent to their arrival, and on the same evening left Konia for the neighbourhood of Aleppo, where it is expected they will spend some seven weeks.

I have, &c.
(Signed) J. DE SALIS.

[26304]

No. 40.

Mr. O'Beirne to Sir Edward Grey.—(Received July 28.)(No. 128. Very Confidential.)
(Telegraphic.) P.

St. Petersburg, July 28, 1908.

RAILWAYS in Persia.

On the 24th July I spoke to M. Isvolsky on this question, and I learn to-day from the Assistant Minister for Foreign Affairs that the Russian Government are ready to accept in principle the plan for a railway from Djulfa to Mohammerah. Assistant Minister for Foreign Affairs further informs me that the Russian Government will release Persian Government from the obligation to give no Concession before the end of 1910, in view of the importance attached by His Majesty's Government to an early application for the Concession.

On M. Isvolsky's return from Roval, his Excellency will communicate an *aide-mémoire* to the above effect.

[27118]

No. 41.

India Office to Foreign Office.—(Received August 4.)

Sir,

India Office, August 1, 1908.

I AM directed to acknowledge the receipt of your letter of the 21st instant, with its inclosures, as to the scheme for constructing, in concert with the Russian Government, a railway connecting Mohammerah and Northern Persia, with the object of protecting and developing British interests in Southern Persia.

It appears from Mr. O'Beirne's telegram No. 128 of the 28th July, that the Russian Government are prepared to accept in principle the scheme for a railway from Mohammerah to Julfa, and that, "in view of the importance attached by His Majesty's Government to an early application for the Concession, the Russian Government will release the Persian Government from the obligation to give no Concession before the end of 1910." Presumably, on the receipt of the *aide-mémoire* promised by M. Isvolsky, the steps to obtain the necessary Concession from the Shah will be taken into immediate consideration.

Lord Maseley recognizes fully the political and material advantages of securing the Concession, but he cannot regard without misgiving the financial aspect of the question, which will require very careful examination before steps finally to commit His Majesty's Government are taken. This examination is particularly necessary in the case of possible liabilities into which India might be drawn.

I am, &c.
(Signed) A. GOBLEY.

[28420]

No. 42.

Sir A. Nicolson to Sir Edward Grey.—(Received August 16.)

(No. 135.)

(Telegraphic.) R.

St. Petersburg, August 16, 1908.

PERSIAN railways.

I have received Memorandum from Minister for Foreign Affairs in reply to British proposals.

[1587]

Y

Russian Government agree in principle to a line from Julfa to Mohammerah, and are prepared to enter into exchange of views as to practical details, and also would be ready to free Persian Government from obligation to abstain from giving Concessions before 1910. Russian Government, being unable to furnish capital themselves, would be ready to settle financial side of question with the assistance of Great Britain.

Russian Government further consider that, in view of the financial difficulties of the Shah, question of an important external loan is intimately connected with that of Railway Concession, and that two questions should be arranged simultaneously.

Russian Government would propose to join the line with Tehran and also to link up Tehran with Resht and Enzeli. Furthermore, necessity of constructing a line from Askabad to Meshed must be considered. In order to preserve Russian commercial interests in the north it will be probably necessary to examine question of freight rates on Mohammerah line.

Memorandum incloses copy of letter addressed by Sir H. Drummond-Wolff to former Russian Minister on the 20th January, 1900, regarding railways in Persia, which might be taken as a basis for an interchange of views.

[28420]

No. 43.

Sir Edward Grey to Sir A. Nicolson.

(No. 297.)

(Telegraphic.) P.

Foreign Office, August 19, 1908.

RAILWAYS in Persia.

When the Memorandum referred to in your telegram No. 135 of the 10th instant is received, it will be read with interest. The question cannot, however, be taken into consideration until Ministers return to town in the autumn, when a careful examination will be accorded to it.

[30056]

No. 44.

Sir A. Nicolson to Sir Edward Grey.—(Received August 31.)

(No. 378. Secret.)

Sir,

St. Petersburg, August 22, 1908.

I MENTIONED to M. Teliyarsky that I had telegraphed to you a summary of the Memorandum with which I had been furnished in respect to projected railways in Persia, and that I could inform him that you were awaiting the full text with interest, but that an examination into the details could not be made until October, when the Ministers of the Government had reassembled in London after their holidays.

M. Teliyarsky asked what impression the Memorandum had made upon me. I told him that I was hardly in a position to give an opinion of any value, but that I thought that the question of a loan, in any case, would require careful consideration. There were many points connected with that question which would have to be carefully weighed, the amount of the loan, guarantees as to mode of expenditure, and so forth, and naturally the advice of M. Bixot in this matter would be of importance. M. Teliyarsky remarked that a Railway Concession without a loan might be difficult to obtain, as the Shah would expect to receive something if he were to be induced to give a Concession. As it seemed inadvisable to discuss these matters before I am in possession of the views of His Majesty's Government on the whole question, I thought it better to turn the conversation on to other subjects.

I have, &c.

(Signed) A. NICOLSON.

[30350]

No. 45.

Sir G. Lathier to Sir Edward Grey.—(Received August 31.)

(No. 246.)

(Telegraphic.) P.

Constantinople, August 31, 1908.

TURCO-PERSIAN frontier.

I received yesterday three telegrams from His Majesty's Consul-General at Urumi, of which following is general sense:—

If the Persian and Turkish Commissioners intend to resume local negotiations it is essential that they should settle the principles on which they intend to conduct them. The alleged ancient frontier which Sir C. Spring-Rice describes in his despatch No. 284 of the 9th November, 1906, is claimed by the Turkish Commissioner, who refuses to recognize either zone or *status quo*. He says that the Persian Government have already been warned to respect the frontier. Turkish Commissioner has received orders to return to Bitlis, of which he is Vali. He left Urumi on the 27th instant, leaving Daniel Pasha in charge of the Commission.

[32910]

No. 46.

Sir A. Nicolson to Sir Edward Grey.—(Received September 22.)

(No. 172.)

(Telegraphic.) P.

St. Petersburg, September 22, 1908.

PERSIAN Constitution. Your telegram No. 379 of yesterday.

Acting Minister for Foreign Affairs tells me he understands Russian Minister at Tehran has, in addition to the written reply, received a verbal assurance from the Shah that he would fulfil his promises as advised by the British and Russian Representatives.

M. Teliyarsky thinks that His Majesty preferred to give a verbal assurance, lest by consigning it to writing he might suffer loss of dignity and appear to be yielding to the advice or pressure of foreigners. He proposes that in the circumstances we should give him a few days to act up to his verbal promises before exercising any further pressure upon him.

[30048]

No. 47.

Sir Edward Grey to Sir A. Nicolson.

(No. 296. Secret.)

Sir,

Foreign Office, September 22, 1908.

I HAVE received your Excellency's despatch No. 366, Secret, of the 18th ultimo, inclosing an *aide-memoire* from the Russian Government on the subject of railway construction in Persia.

The Russian Chargé d'Affaires called at this Department on the 3rd instant, and stated that he had a message from the Russian Acting Minister for Foreign Affairs to the effect that he considered the present moment opportune for approaching the Persian Government on the subject, on the ground that there is a lull in German activity in Persia, owing to recent events in Turkey.

M. Poklevski was informed in reply that the Russian Memorandum raised some difficult questions, and read as if the extensions to Tehran, Resht, and Enzeli were all to be considered together. He gave it, however, as his opinion that this was not intended, and that the Russian Government had merely intended, out of courtesy, to communicate their views on these points. All they desired at present was to ascertain His Majesty's Government's views as to the Mohammerah-Julfa line. They hoped to be placed in possession of these at no distant date, though they understood the reason for deferring a communication until after Ministers had returned to London.

It was pointed out to M. Poklevski that the financial difficulty was serious for His Majesty's Government as well as for the Russian Government. He argued that it would not be difficult for His Majesty's Government to guarantee a loan, something of

the kind having been contemplated by Lord Lansdowne in the case of the Bagdad Railway.

In conclusion, M. Pokievski was informed that the appointment of a Committee to consider the question in all its bearings was under consideration.

I am, &c.
(Signed) E. GREY.

[38846]

No. 48.

Sir G. Lowther to Sir Edward Grey.—(Received November 9.)

(No. 740. Secret.)

Sir,

Paris, November 4, 1908.

I HAVE the honour to forward to you herewith a Memorandum on the subject of the duration of the Bagdad Railway Concession of March 1903, in reply to that contained in your despatch No. 402, Secret, of the 22nd September last.

I shall not fail to take any fresh suitable occasion for again pointing out to the Turkish Government, as I have already done, that the system of kilometric guarantees is neither satisfactory nor economic.

I do not anticipate that the League require much education in that direction.

I have, &c.
(Signed) GERARD LOWTHER.

Inclosure in No. 48.

Memorandum respecting the Duration of the Bagdad Railway Concession of March 1903.

THE Memorandum inclosed in the Foreign Office despatch falls under two heads:—

The first is the question of the duration of the contract.

The second is that of the railway construction in Mesopotamia in conjunction with irrigation works.

In treating of the first, the Memorandum is based on Article 4 of the contract, which states that the line is to be completed within a period of eight years, exclusive of delays in carrying out the stipulations of Article 35 of the contract, i.e., delays in the provision of bonds for the kilometric guarantees by the Turkish Government.

The Memorandum goes on to say that a certain delay in this has already taken place, though amounting only in the aggregate to twelve months, and that if the line and its branches are not finished within the period allowed by Article 4 of the contract the Concession would lapse.

The idea underlying this is evidently that by strict adherence in the future to the contract on the part of Turkey its terms would not be carried out within the specified time, i.e., in about nine years from March 1903.

But this is only taking into consideration part of Article 4 which admits of delays due to *force majeure*, and this "force" is defined as including such eventualities as a war between European Powers or a radical change in the financial situation of Germany, England, or France. The period fixed by the Article thus becomes indefinitely elastic.

Further, while the whole line of nearly 3,000 kilom. is to be finished, according to the contract, in eight years, yet for the first section, which is only 200 kilom. long, a period of two years is allowed; and in this connection perhaps the last paragraph of Article 29 of the old contract has a bearing: it stipulates that the forfeiture of one or more sections of the line does not invalidate the rights of the concessionaires as to the various sections of the new line nor to the totality of the old lines.

Next, the "Convention Additionnelle" of the 2nd June, 1908, extends the period for the construction of the sections from Bulgurlu to Heli and Aleppo to eight years from the date of this Convention. This is in itself equivalent to a renewal of the Concession, which it is suggested in the Foreign Office Memorandum to prevent.

The period of eight years fixed by Article 4 of the original Concession is exclusive of "tous retards apportés dans la mise à exécution des stipulations de l'Article 35 pour une section quelconque."

It is not easy to understand fully this Article, but it seems certain that its stipulations are so heavy as to be out of the question for Turkish finances in their present condition.

The length of the line is undefined, but it is certainly well over 2,000 kilom. (exclusive of the old Anatolian line) with a guarantee of 15,500 fr. per kilom., or 31,000,000 fr. in all per annum.

The Anatolian Railway (about 1,000 kilom. in length) was comparatively easy to build, and passes through a peculiarly fertile part of the country near the capital, and yet it required 191,449 fr. last year in guarantees. Therefore, taking the terms of the contract for that line as the basis for a calculation, the guarantees for the whole line would eventually, when the line is built, be at least 600,000 fr. a-year.

But this sum will in all probability be considerably exceeded for two reasons. Under the old contract there is a construction guarantee at the rate of 11,000 fr. per kilom. per annum (or 880,000 fr. for the whole) which is invariable. There is next a guarantee for working expenses of 4,500 fr. It is unlikely that the Government's share of the profits, after the latter guarantee has been met, will go far to meet the calls of the construction guarantee. Secondly, the nature of the country to be traversed by the sections now to be undertaken, to say nothing of that between Aleppo and Mosul, offers very different prospects of financial success from the fertile and populous districts near Constantinople.

Under Articles 4 and 35 taken in conjunction, if the Turkish Government fail to provide the money for the two guarantees, which amount together to 15,500 fr., the Concession is *ipso facto* prolonged.

It would be convenient next to study the arrangements of June 1908, which differ, as will be seen, in some important particulars from the old contract.

The Additional Convention signed on the 2nd June states that the Turkish Government have decided to prolong the line to Heli and Aleppo, a distance of 840 kilom. The guarantees per kilometre are divided into construction expenses at 11,000 fr. per annum and the working expenses at 4,500 fr. per annum, thus making a total of 15,500 fr., and are fixed on (1) the surplus of the ceded revenues; (2) on the sheep tax of the Vilayets of Konia, Adana, and Aleppo; and (3) on the Government's share of the profits of the line, i.e., after the gross receipts amount to 4,500 fr. per kilometre.

The bonds to be issued for the cost of construction, according to Article 35 of the old Convention, shall be issued as described in the annexed Loan Convention.

The most salient points of this Loan Convention (signed the same day) are as follows:—

Article 1: The Turkish Government will issue a loan in two series:

1. Series 2 for £ T. 4,762,000 (needing an annuity of £ T. 200,000); and
2. Series 3 for £ T. 3,238,000 (needing an annuity of £ T. 220,000), the annuities of which shall be the equivalent of the kilometric guarantee of 11,000 fr. per annum.

Articles 2 and 3: Bonds for series 2 are to be handed over at the present time, and the first coupon on them shall fall due on the 1st July, 1908, when the interest for the first half of 1908 shall be paid.

Article 9 describes the guarantees given by the Turkish Government for payment of the interest on the loan; they include, in addition to the surplus of the ceded revenues and the above-mentioned sheep taxes, the Government's share in the profits of the line, and it is further provided that the yearly balance shall be worked out on the average of the profit and loss of all the kilometres *en masse commune* of the line. It enumerates the prior charges already existing on the surplus of the ceded revenues, i.e., an annuity of £ T. 121,000, and certain fixed advances amounting to £ T. 850,000.

Article 10 describes the guarantees given by the Railway Company for the payment of the loan, namely, the railway itself, its branches and rolling-stock, also its share of profit from the line, but the Turkish Government must make good to the Company any part of its share which it thus has to pay away.

Article 16: The Turkish Government retains the right to redeem the loan at par at any time to come on giving two months' notice, or to convert it into a loan bearing a lower rate of interest.

With regard to Articles 1, 2, and 3, the bonds for series 2 have not yet been handed over, and the coupon of the 1st July, 1908, has consequently fallen void; and, with regard to construction, it seems that at present nothing is being done beyond some surveying work. It is probable that the loan was divided into two series, of which one was to be issued subsequently, because the available surplus of the ceded revenues only amounts to £ T. 300,000, while the service of the whole loan requires £ T. 420,000 per

annum; and it is not unlikely that the delay in issuing series 2 is due to the prior charges on those revenues.

By Articles 9 and 10 the Railway Company and the holders of the loan are both assured of the profits or interest, while the Turkish Government are responsible for all losses, even for those which might be incurred by the Railway Company. Any profits the Government might make are pledged as one of the guarantees of the loan, and so is the very line itself. This latter is so pledged by the Railway Company, in whom, however, it is only vested during the period of the Concession, so that, in fact, it is the Government again which give it as a guarantee.

It will be noticed that under Article 18 the Turkish Government have a very much more favourable chance of repurchasing these sections than was accorded them under the very onerous terms of Article 19 of the old contract, which apparently binds them for the remainder of the line.

The re-establishment of the Constitution might give them an opportunity for submitting the whole contract to Parliament with a view either to denouncing it out and out from its present stage and so cutting short their losses, basing themselves not on the exacting nature of the contract, but on their imperious needs for expenditure in other directions, or else to annulling it after negotiation with the Company.

It would seem from the second paragraph of the Additional Convention "*l'excédent des revenus concédés à la Dette Publique ayant été affecté au prolongement de la ligne de Bagdad*," that some agreement had been come to by which all surplus of the ceded revenues is thus disposed of, or it may be held that such agreement is sufficiently contained in the words quoted, and in this case any increase of revenues derived from the customs goes to the profit not of Turkey, but of the Bagdad Railway, the customs, by the Decree of Muharrem, being one of the ceded revenues, although after the net receipts of the Debt reach £ T. 2,157,375 the remainder are divided between the Government and the Commissioners in the proportion of 75 and 25. As a matter of fact the net receipts already exceed that sum so that any revenue collected on the customs beyond the present amount would in practice have to be divided in this proportion. Such at least may be the contention of the Railway Company; but so far as the Construction Loan (series 2 and 3) is concerned it would appear that, by the terms of the loan contract of the 2nd June, 1906, the Company are specially debarred from any claim on the 3 per cent. surtax. By Article 9 of that contract the Turkish Government affect to the service of the loan two new series of the loan excess of the ceded revenues of the Public Debt, but "*déduction faite du produit de la surtaxe douanière du 3 pour cent.*" This exception was of course made because the produce of the 3 per cent.—or rather the 75 per cent., 3 of which is the share of the Ottoman Government—was to be affected to the needs of Macedonia, and it would seem as if the Powers, who assented to the surtax in order to provide funds for reforms in Macedonia, are now willing, in consideration of the financial embarrassments of the Empire, to allow it to be diverted from its original purpose, they are also entitled to make conditions as to the purposes to which it shall be applied. Again, the exclusion of the 3 per cent. from the service of the construction loan is quite unconditional, and it might be maintained that, in agreeing to forgo any lien on the surtax, the Company is absolutely debarred from accepting it as security except under a new contract. On the other hand, under the "Convention Additionnelle" the Railway Company presumably claim the product of the surtax for the kilometre guarantee, but this contingency can only arise after the railway is actually built.

One other point in this connection may be mentioned, viz., that the surtax has only been agreed to for a period of seven years from September 1906.

It would seem useless for the Commission of the Debt to refuse their co-operation, as was suggested in Mr. Barclay's telegram No. 128 of the 1st June, as it is bound to hand over the surplus of the ceded revenues to the Government, who are free to do what they please with them. The non-co-operation of the Debt would unfavourably affect the new bonds in the eyes of the investing public, but the security would be the same, and, supposing that new sources of revenue were to be assigned for the purposes of the railway, and their collection intrusted to the Debt, it is not likely that the obstacle would be insuperable were the Commission to refuse to undertake the task.

There is a possibility that very strict attention to the "*cahier des charges*" regarding curves and gradients might prove too much for the Company, but it must be remembered that they still have in hand a balance of about £ T. 800,000 from the construction loan of the last section with which to meet the heavy cost of the section through the Taurus Mountains.

With regard to the question of railway construction in Mesopotamia,

The Bagdad Railway contract contains every stringent condition imaginable, except that of a monopoly. On the contrary, the Company is forbidden by Article 29 to exploit the section from Bagdad to Bussorah, even if it were built, until the principal line from Konia to Bagdad is completed. Otherwise the only sphere absolutely reserved to the Company is that from the trunk line to the sea-coast between Messina and Tripoli.

The present *tracé* of the line runs down the Tigris from Mosul to Bagdad, and thence across the narrow part of the Jeziré to Kerbala, and then out into the desert on the west. This leaves the lower part of the Jeziré (Iraq Arabi) untapped, and Sir William Willcocks observes that this is exactly the region through which the line ought to have run, as it is most fertile, and with a few quite simple irrigation works ought to surpass in richness even the valley of the Nile. It is probable that a line will be necessary for the construction of the irrigation works, for the purposes of which Sir William Willcocks' services have been engaged.

In the evidence collected in the Secret Report of March 1907 Colonel Newmarch is alone in the opinion that the swamps in the Jeziré would present a serious difficulty to railway construction.

All the other authorities consulted recommend railway rather than river communication; they consider that the marshes are no serious obstacle, a great part of them being dry, except at high river, and that the irrigation works proposed would rapidly improve the conditions, and they are in favour of a line going east after passing Bagdad towards Erbil, Kerkuk, and Khanikin, where there are alleged to be prospects of coal, petroleum, &c., and of a very considerable trade. It is observed that the trade of the whole Bagdad Railway passes a commercial watershed at Mosul, all streams of that town flowing down towards the Gulf, while Mr. Consul Crow's Report shows the great value of the trade and shipping at Bussorah and Bagdad. In combination with these prospects, Sir J. Mackay's proposal for a Government guarantee of 3 per cent. on the capital expended on the line ought to be sufficient to induce a Company to come forward, and the question suggested by the last paragraph of the Foreign Office Office Memorandum is whether there is such a Company ready to undertake the work. Otherwise it would be premature to make an intimation of the nature suggested to the Sublime Porte.